



Daily Report

Latin America

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EEC Eliminates Central American Tariffs

PA1812212491 San Jose Radio Reloj in Spanish
0100 GMT 17 Dec 91

[Text] The EEC on 17 December granted Central American countries the same tariff benefits granted to Andean countries for fighting drug trafficking. Foreign Trade Minister Roberto Rojas and representatives from the Chamber of Exporters called such measure a success, after a one-year struggle.

The elimination of tariffs paves the way for exporting agricultural and agroindustrial products, which were affected by the preferential treatment granted to Andean countries, said Doris Osterloff, executive director of the Chamber of Exporters.

With the tariff benefits granted to Central American products, Costa Rican products will pay no tariffs when exported to Europe. As a result, many Costa Ricans will be able to sign pending contracts. The European market represents great potential for Costa Rican products, because it is one of the largest world markets, with approximately 300 million consumers.

Tariff elimination will give the country a potential for growth, because the country used to pay a 23 percent tariff on some products, as compared to the zero tariff paid by Andean countries.

Osterloff said that as of January, no more tariffs will be paid on products exported to Europe. Among the products that will benefit from the tariff elimination are coffee, flowers, plants, tuna, fruit, fruit pulp, pineapple, and papaya.

Argentina, Brazil To Unify Capital Markets

PY1912130691 Madrid EFE in Spanish 0051 GMT
19 Dec 91

[Text] Buenos Aires, 18 Dec (EFE)—It was reported here today that Argentina and Brazil will unify their capital markets and promote the creation of a common investment fund that will be quoted on the Buenos Aires, Santiago, Sao Paulo, Mexico City, and New York stock exchanges.

Martin Redrado, president of the Argentine National Securities Commission, CNV, reported that the agreement will be signed between the Real Estate Securities Commission of Brazil and the CNV.

Redrado warned that the date for implementing this joint venture has not yet been set and said that it is not linked to the Common Market of the South (Mercosur), the integration agreement that also includes Paraguay and Uruguay.

The CNV president stressed that the setting up of the exchange markets is one topic being discussed because Argentina operates a free market while Brazil maintains two types of quotation for the dollar, official and parallel.

The regulations in Brazil that rule payments abroad in foreign currencies is another question that must be resolved before the joint operations in capital market begin, Redrado added.

Regarding the common Argentine-Brazilian Investment Fund, he stated that the idea is to launch it in the five above-mentioned American capitals using contributions of about \$100 million from Argentina, Brazil, Chile, Mexico, and the United States.

Argentina and Brazil are seeking to integrate their economies within the framework of the international tendency of creating trade "mega-regions" along the lines of the EC and the free trade agreement between the United States, Canada, and Mexico.

The Mercosur will begin to operate on 1 January 1994 with a zero tariff rate among the four member countries: Argentina, Brazil, Paraguay, and Uruguay.

Commission Created To Promote Trade With Taiwan

PA1912140791 Tegucigalpa LA TRIBUNA in Spanish
16 Dec 91 p 8a

["Text" of document establishing the Joint Cooperation Commission Among Countries of the Central American Isthmus and the Republic of China, signed by the foreign ministers of Belize, El Salvador, Honduras, Panama, Costa Rica, Guatemala, Nicaragua, and the Republic of China; issued in Tegucigalpa on 16 December]

[Text] Within the framework of the 11th Central American presidential summit that took place in Tegucigalpa, Honduras, on 12 and 13 December, at the invitation of the Central American presidents, His Excellency Mr. Frederick Chien, minister of foreign relations of the Republic of China, attended the aforementioned event as a representative of President Li Teng-Hui. Over the course of the presidential summit, Minister Chien participated in a working session with the presidents and foreign ministers of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and the prime minister of Belize.

During the working session, issues such as ties of friendship and cooperation among the Central American countries and the Republic of China were studied. Minister Chien expressed his satisfaction with the excellent state of the current ties between the Republic of China and the countries of the Central American region.

The Central American presidents stated their consent to the Republic of China's decision to join the Central American Bank of Economic Integration (BCIE), as an outer regional partner. They also agreed in that this event marks the beginning of a new phase in which ties between the region and the Republic of China will take on a more multilateral dimension that will enrich and invigorate growing bilateral relations.

On the other hand, Foreign Minister Chien indicated the possibility of expanding his country's cooperation with the region by means of the Republic of China's Economic Development and Cooperation Fund. In addition, there is also the possibility of establishing mechanisms to promote investment, a technical training center, and a manufactured goods exhibition center, in addition to other measures.

Minister Chien noted that to carry out this plan there is the need to establish some type of mechanism that would be in charge of coordinating the development of this new phase. He also agreed to the establishment of a Joint Central American-Republic of China Cooperation Commission, which would be presided over by the foreign ministers of each participating country. A positive dialogue would take place within this commission intended to study and make decisions on new types of cooperation, commercial exchange, and investments that would result in mutual benefits for the Central American and Chinese people.

The commission is hereby formally constituted on 16 December with the foreign ministers of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama; the Belizean minister in charge; and the foreign minister of the Republic of China.

The commission's next meeting will be held in Taipei, Republic of China, during the month of August 1992. Following this meeting, there will be subsequent meetings every two years, the location for which will alternate between Central America and the Republic of China.

Ralph Fonseca, Belizean foreign minister in charge
Jose Manuel Pacas Castro, foreign minister of El Salvador

Mario Carias Zapata, foreign minister of Honduras
Julio E. Linares, foreign minister of Panama
Bernd Niehaus Quesada, foreign minister of Costa Rica
Gonzalo Menendez Park, foreign minister of Guatemala
Enrique Dreyfus, foreign minister of Nicaragua
Frederick F. Chien, foreign minister of the Republic of China

Reportage on Mercosur Presidents Meeting

On Links With Andean Pact

PY1912132091 Madrid EFE in Spanish 1720 GMT
18 Dec 91

[Text] Brasilia, 18 Dec (EFE)—Official sources reported on 18 December that the Common Market of the South (Mercosur) has decided to establish as yet undefined links with the Andean Group, and separately with Bolivia.

The common market group, the executive organization of the Mercosur, will meet next year with Bolivian representatives to evaluate possible lines of cooperation.

It was agreed during this week's meetings in Brasilia that a meeting will be held between January and March of next year with the Cartagena Accord of the Andean Group, which includes Bolivia, Colombia, Venezuela, Ecuador, and Peru. The venue of this meeting has not yet been decided.

Following the presidential meeting at the beginning of December in the Colombian city of Cartagena de Indias, the Andean Group invited the Mercosur countries to study possible forms of cooperation between the two groups.

Bolivia is a member of the Andean Group, but 65 percent of its trade relations are carried out with the Mercosur countries (Brazil, Argentina, Paraguay, and Uruguay).

The authorities in La Paz have confirmed their interest in some links with Mercosur, but this will not be possible at the beginning in view of the Mercosur charter.

Uruguayan Foreign Minister Hector Gros Espiell has stressed that Bolivia, without being a member of Mercosur, can participate through the signing of an agreement of association.

Tribunal for Controversies Created

PY1912220691 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 0937 18 Dec 91

[Text] Buenos Aires, 18 Dec (NA)—The document signed today by the presidents of the four member countries of the Common Market of the South (Mercosur) puts into operation a system for the "solution of controversies" that will enable countries that are in litigation to reach a solution within the framework of joint rulings.

According to the document signed by the four presidents, the member countries of Mercosur that are enmeshed "in a controversy will, before anything else, try to resolve it through direct negotiations," which will not exceed (?15) days unless there is an agreement between the parties.

If within that period the countries do not reach an agreement, the treaty foresees that the two nations will be subject "to the consideration of Mercosur," which will "give the parties the opportunity to explain their respective positions."

After this procedure, Mercosur will formulate "recommendations" for the countries that are in conflict, a procedure that could last up to 30 days.

The document, which was released here tonight, provides for [words indistinct] the countries in conflict must subject themselves to an "arbitration tribunal" made up "of three arbitrators" named one each [words indistinct] and the third one by agreement between the countries.

Regarding this, the document dictates that the tribunal "will adopt its own procedural rules" that will "guarantee that each of the parties will have the opportunity of being heard, and that the procedures will be carried out expeditiously."

The same tribunal also will hand down a decision within 60 days, which can be extended for another 30, and its decisions "cannot be appealed and they are obligatory" for the countries in conflict.

Finally, the document signed yesterday in Brasilia states that the rules and regulations contained in the protocol will remain in force "until the implementation of a permanent system for resolving controversies within Mercosur."

Presidents Call for Cooperation

*PY1912223891 Madrid EFE in Spanish 0724 GMT
18 Dec 91*

[By Gerardo Maronna]

[Text] Brasilia, 18 Dec (EFE)—The presidents of Argentina, Brazil, Paraguay, and Uruguay are putting a great part of the responsibility on businessmen and workers for the success of the Common Market of the South (Mercosur), which they hope to put into operation in three years.

In the closing speeches of the first Mercosur meeting held in Brasilia on 17 December, the presidents said Mercosur will offer the greatest possibilities for business development but that it will be the responsibility of private business to take advantage of it.

Brazilian President Fernando Collor admitted that the process toward the free circulation of goods, capital, and people between the four countries has become a serious challenge for enterprises.

"The benefits will overcome the sacrifices. We are certain that the integration process is irreversible," said Collor, who—like his counterparts Carlos Menem of

Argentina, Andres Rodriguez of Paraguay, and Luis A. Lacalle of Uruguay—emphasized that businessmen and workers must hurry up to gain efficiency without the protection traditionally given to them by the state.

Lacalle said: "The government will do all that is necessary but we cannot and do not want to replace the participants of the economy. We call on workers and businessmen to become the drivers and not the obstacles of this integration."

While the Mercosur presidents and ministers were meeting, representatives of the main business organizations of the four countries yesterday created the Mercosur Industrial Council, through which business will channel its concerns on the integration process, encourage the formation of business alliances, and try to improve production competitiveness.

Albany Franco, president of the Brazilian Confederation of National Industries, said he disagrees with Brazilian businessmen who believe that Mercosur is a very ambitious project that will try to do in three years what Europe did in 30 years.

Franco said: "I agree that the 1995 deadline should not be changed despite the fact that for many businessmen it is not very far away."

According to a poll conducted among the main companies of the four countries, Brazilian companies are better prepared in the plans to compete in a market of 200 million consumers whose gross product is half of all of Latin America's.

Uruguayan and Paraguayan businessmen see good possibilities in Mercosur but the competition with Brazil and Argentina can be very costly.

Menem asked businessmen for "perseverance and organization."

Menem added: "The challenge has been made. Speed depends not only on the governments but also on private business; 31 December 1994 will be D-Day."

Cuba

Raul Castro Denies Rumors of Health Problems

*FL1912204291 Havana Tele Rebelde Network
in Spanish 1800 GMT 19 Dec 91*

[Text] Army General Raul Castro Ruz, second secretary of the Central Committee of the Communist Party of Cuba [PCC] and minister of the Revolutionary Armed Forces [FAR], has toured sites of economic and social interest in Pinar del Rio Province.

The house museum of the Saiz brothers in San Juan y Martinez was the first place visited by the minister of the FAR on the third day of his tour of the province. There, Raul stressed the importance of this facility in the political and ideological development of the younger generations, and showed interest in the program of visits to the house museum.

Later on, the visitors went to the agricultural-forestry enterprise of Sumidero in Minas de Mata Hambre Municipality. There, Raul stressed the importance of persevering in the overall development of the enterprise, under the principle that every millimeter gained is a millimeter that must be secured. At El Moncada community in Vinales, the group was briefed on the current results of the food program of the municipality and on the tobacco crop campaign. They also visited the Ermita Hotel which will begin operating in the area in the next few days.

At the university of that mountainous region of La Palma, Raul and his companions talked with the youths being trained as mountain engineers, which is considered a decisive force of the program to develop the Cuban highlands. The goal of the program is to have workers in the mountains come from the area, including doctors, teachers, and even political leaders. At the municipal agriculture-livestock enterprise of La Palma, the visitors were told that the porcine center has produced 40 tons of pork meat in only a year and a half. The production program of the enterprise expects to reach 800 tons by the end of the current five-year period.

Comrade Raul said that in 1992, it is particularly important to maintain food supplies to child care centers, schools, and hospitals, and that in this task, the enterprise's self-sufficiency program and its direct ties with these centers has a fundamental role. At La Palma, the second secretary of the Central Committee of the PCC, talked with EMA [Municipal Agricultural Enterprise] workers engaged in building 50 rustic homes at several points of the municipality.

[Begin recording] [Castro] Which one of you lived through capitalism?

[First unidentified speaker] I did.

[Castro] With that baby face of yours? [crowd laughs] Where did you live?

[First speaker] In Canalete.

[Castro] Here in the mountains?

[First speaker] Yes, back there.

[Castro] Was that era harder than the special period?

[First speaker] Worse than now, now we are rich.

[Castro] Now we are rich? An old sugar refinery worker was telling me: Oh come on, what is this fuss about special period? The special period, that was before.

[First speaker] That was before, not now.

[Castro] But now you can make a living, you can work, you can eat, you can study, you can be healthy; how many people in the world have all of these guaranteed. Not only that, here no one gets thrown out in the streets, nobody is left unemployed. In the present crisis, which all countries are also experiencing, especially underdeveloped countries, if we were to use the same medicine here, we would have millions of people unemployed.

[Second unidentified speaker] We do not doubt the words of the minister even for a second because 35 years ago today, you met with Fidel....

[Castro, interrupting] And a few hours later Almeida joined our little group.

[Second speaker] And a few hours later by Almeida, and they were seven or eight in all. They had faith in victory. As you can see, they have been leading this country for more than 32 years.

[Castro] I am going to see all the remaining years.

[Second speaker] Yes, the remaining ones. [applause] It is still a long time before that.

[Castro] Sometimes, I do not show myself to the press for a while, besides, I try to avoid it. I like to keep on the move without too much publicity. Every so often a rumor gets started that I died. During the Pan-American Games they were saying I was being kept in a freezer until the end of the games. [crowd laughs] [words indistinct] During a meeting of the party they said: You have to be seen in public. That same evening they wanted to take me to a baseball game. I did not go that day. I told them, let us go to a game that is worth the time. I went to the one between Cuba and Puerto Rico. I had to show myself. A week later they were saying, they gave him some treatment, showed him off, and put him away again. [crowd laughs] There were rumors that I have cancer, that I suffer from this and that, but the truth is that I do not even have a bunion. What I do have is 60 years, but I carry them well. [crowd laughs] They kill us off every so often.

[Third unidentified speaker] You might be 60, but are in good shape.

[Castro] I am in shape. Almeida and I walk from 5 to 7 km everyday. I have not had time lately, but in Havana we walk from 5 to 7 km, and I am taking PPG. You know what that is? [crowd laughs] [end recording]

At the end of the visit, Raul Castro said he got a good impression from the places he saw in Pinar del Rio. He confirmed that the people of Vuelta Abajo are making efforts to find solutions with their own resources.

*** Crime, Supply Shortages Discussed**

92CA0052C Havana *BOHEMIA* in Spanish No 46
17 Nov 91 p 27

[Commentary by Luis Sexto]

[Text] Some felt that the blow to end the desecration of the promenade that represents the quintessence of Havana the city was too slow in coming. Others justified the apparent delay by arguing that any action was useless because the garbage would move elsewhere, prompted by the country's material shortages.

These are not fictitious opinions. Just as in October I wrote briefly about grassroots concern over how much crime was involved in certain commercial transactions along the Malecon (esplanade), I later heard the above views expressed when the issue was raised in a certain group of people. My job requires that I keep my ear to the ground, to quote the epitaph of an American columnist who was widely read and, therefore, both supported and opposed, praised and insulted. I try to listen closely to what people are saying; in spite of rumors started by friends and enemies, I do not like to ignore the obvious.

But the doubts and passivity with which those opinions were tinged fortunately lost the bet. The news last week gladdened and reassured Havana residents with clean consciences and anxious hearts. The affected area of the Malecon was being taken back. The law was stepping in to dismantle a commercial fair that was illegal not so much because of the deceptive marketing as because of the spurious origin of the merchandise. The law was stepping in to prevent this sordid activity from once again sully the efforts to turn the Malecon into a place where ocean air and smiles, stars and dreams can combine in a recreational alliance.

Now then, was justice late or not in starting its cleanup? I will not answer the question, because I still say that if a mistake is corrected, then reproaches are merely devious and futile. Moreover, the law usually watches and listens before acting. Any act of repression, no matter how just and necessary it may be, is inevitably shot through with political implications under socialism. Therefore, it must be agreed upon and carried out with a maximum of certainty and a minimum of improvisation; thus, the delay in taking action may have been used to search and reflect.

I would thus ask a more appropriate question. What lesson can we learn from the events on the Malecon? The moral is obvious. It can be seen in the action that the authorities and their agents took in removing traffickers from the promenade which with its frothy waves, roar, and sweep symbolizes the capital of the republic. The moral comes from the theory of warfare, as well as of chess and soccer, which are wars but for fun: the best defense is to attack.

What this principle of war means in everyday language is that society must not coexist with its problems. Neither

out of indifference or neglect, nor because the malady is tolerated with the excuse that it is inevitable. A disease may be resistant to treatment, so that if it is cut out here it may reemerge over there. But it must feel (and the citizenry must know) that it will not be given a respite or room for placid coexistence.

Such intolerance is all the more urgent now, when conditions in the country are marked by precarious market supplies, and egalitarian distribution demands tight controls. In such times criminals strive to invent ever more cunning ruses that will help them to go unpunished. For this reason, the battle against crime does not fall to just the police and the courts.

It falls to us all. And forgive me if anyone thinks that I am just repeating radio or TV propaganda slogans. Now is when we can truly tell how much truth there is to propaganda. Because when we are told at the store that they are out of beer even though the delivery deadline has not yet passed, and we then call in a policeman or an inspector and he finds five cases hidden in the back room, it is the consumers who are being deprived.

When there is a shortage of merchandise in stores or warehouses, that shortage directly harms State property and, by extension, citizens, and when there is a surplus (because there could be), it directly harms the people and, by extension, the state.

Owing to its repercussions, this is a problem of general concern. Just as no one would leave his car unlocked or his best clothing outside to tempt thieves, no one would allow himself to be swindled out of his share without at least making sure that he is not being deceived with ostensibly honest statements such as: the shipment was not complete; we are in a special period.

It is true: we are living through a period that Fidel has called extremely special, a period in which the understanding of all is needed to weather it with ethical and political integrity. But we also need watchful eyes, an aggressive moral fiber to not accept crime as an inevitable malady.

*** Biogas Plant Opened, Technology Explained**

92CA0052B Havana *GRANMA* in Spanish 8 Nov 91 p 6

[Report by Raul Palazuelos Barrios]

[Text] Isle de Turiguano, Moron—Vacugas is ready and will open tomorrow.

The largest biogas plant in the country so far has been built in record time and while overcoming more than a few difficulties. This is a large-scale experiment designed entirely in our country as an alternative solution to the shortage of hydrocarbons in the form of a renewable energy source.

Andres Santos Gonzalez, the engineer who is an adviser on biogas plants to the National Energy Commission, was in charge of the unit's construction, and he described

how it uses the manure from some 2,000 head of Santa Gertrudis cattle from a nearby feedlot, which produce some 36 tons of excrement a day.

The dung used to be hauled off in oil-powered vehicles and dumped in Laguna de la Leche. Now it is going to wind up in the new plant, with no expenditure of energy.

The plant also uses the manure from a nearby hog feedlot. After its energy content in biogas is extracted, all of the raw material is recycled into the raising of tilapia fish right there in Laguna de la Leche, where it is conveyed through piping for inert sludge, which will also be used in the future prawn farm.

Every day Vacugas can put out 80 tons of biological fertilizer; this is equal to 20 tons a day of chemical fertilizer, which is equivalent to 5 tons a day of NPK, a fertilizer compound that costs \$150 a ton on the world market.

Vacugas can generate 2,000 cubic meters of gas a day, which is equivalent to a ton of fuel oil or 2 megawatt/hours of electricity.

As an alternative fuel, the biogas produced here will run an electric-power plant by providing it with 42 kilowatt/hours of power.

The gas pipeline that has been installed will supply the community of Celia Sanchez Manduley, the quaint 60-home "Dutch town" in Turiguano, plus another 23 homes in the nearby village of El Salao, as well as two messhalls at neighboring work centers.

A second stage of the project calls for the gas to be compressed into canisters for various uses, including to power trucks with modified engines, in which it will replace gasoline completely and 80 percent of their diesel use.

Financial support for the Vacugas pilot plant came from the nongovernmental organization "Bread for the World," a major German environmental group, some of whose members have been invited to the plant opening.

The Oil Pipelines and Tanks Enterprise of Matanzas and the Roberto Rodriguez contingent (El Vaquerito) were involved in the construction work.

* Commentary Explains Impact of Special Period

92CA0052A Havana TRABAJADORES in Spanish
18 Nov 91 p 2

[Article by Eloy Concepcion]

[Text] In chatting with comrades, whether at the store or at work, I have heard some misunderstandings expressed about the special period in peacetime.

While thinking aloud with a neighbor while we were waiting for a piece of merchandise to be shipped, I noticed that others were interested in this topic.

It is not pointless to reaffirm that the special period is dictated by circumstances beyond our control, by one fundamental development that we can do nothing about: vital supplies from the USSR and the formerly socialist countries of Eastern Europe have been held up in some cases and will not be arriving in others.

Cuba used to do about 85 percent of its foreign trade with those countries, including in items that are essential to the people's daily diet.

In the overwhelming majority of cases in which allocations of lard, soap, detergent, condensed milk, or grains (to mention just a few items) have not arrived at stores, it is not because of shortcomings in distribution but rather because these products are not to be found in warehouses.

Let us recall some numbers that can give us an idea of the situation facing us:

As of 30 September we had received zero percent of our rice shipments from the USSR, 50 percent of the peas, 16 percent of the vegetable oil, 7 percent of the lard, 11 percent of the condensed milk, 47 percent of the butter, 18 percent of the canned meat, 22 percent of the powdered milk, 11 percent of the canned and fresh fish, and 45 percent of the grains.

These are the realities facing the country's leadership.

Moreover, as the nation knows, there is the ironclad Yankee blockade, which for years has been not only an obstacle to normal trade but also a true encirclement preventing any action to foster the development of our economy.

Cuba has resources such as sugar, nickel, and citrus fruit, which for the most part have covered purchases of items that either we cannot produce because of our climate (wheat for example) or that are more economical to import.

With the advantageous commercial ties that we had developed over the past 30 years shattered or frayed, the country has had to spend convertible foreign exchange, thus impairing some other plans, to prevent, to the extent possible, the population from suffering further shortages in the staples of their daily diet.

Nevertheless, we cannot neglect our development and we are thus spurring plans in biotechnology, the pharmaceutical industry, and tourism at an accelerated pace, besides paving the way for the inflow of foreign capital in joint ventures, all of this as the cornerstone of economic development, precisely to emerge from this new situation as soon as possible.

While these projects are being carried forward (tourism, biotechnology, and the pharmaceutical industry are already making headway in earning foreign exchange), the country's leadership is doing everything it can to distribute equitably the little that we have, besides

guaranteeing jobs and wages even to the workers at centers that have had to shut down for lack of raw materials.

Every day, practically every hour, the State leadership is making incredible efforts (performing miracles, as Fidel has said) to prevent the people from suffering further.

But we are living in the real world, not a world of dreams. Above and beyond our wishes, the real world exists, and we cannot ignore it. On the contrary, we must confront it with intelligence, courage, and level-headedness.

The country has the political capacity and the talent needed to pass this difficult test.

Most people understand and are willing to hold out and, therefore, to overcome.

The point now is that the special period in peacetime must be a catalyst for our virtues of solidarity and an incentive to do things better.

The special period will become an example of what our people are capable of in difficult times to save the homeland, the revolution, and socialism.

Barbados

Political Leaders Comment on Trinidad Elections

FL1812163691 Bridgetown CANA in English
1609 GMT 18 Dec 91

[Text] Bridgetown, Barbados, Dec 18, CANA—Barbados' two main political leaders, commenting on Monday's change of government in Trinidad and Tobago, said the continuing tradition of changing governments by democratic elections augured well for the entire Caribbean.

Said Prime Minister Erskine Sandiford: "The general election in Trinidad and Tobago has been concluded in a peaceful manner and in the highest democratic traditions, a new government has been chosen. This should be a matter of significance...to the Caricom region." He added: "Good governance is a critical element in the stability of Caribbean society; and the people of Trinidad and Tobago, through peaceful, fair, and free elections, have exhibited this quality of good governance."

Opposition leader Henry Forde said the election, which saw the toppling of the National Alliance for Reconstruction (NAR) government by the opposition People's National Movement (PNM), was a lesson for other Caribbean countries that free and fair elections are a bedrock of a democratic system.

"It is a lesson for those in Trinidad and Tobago who had sought to change the government by military means and by insurrection," he said. "I hope that the lessons are not lost on the peoples of Haiti and Guyana," Forde added.

Sandiford said he expected the new PNM government to continue its close working relationship within the Caribbean Community (Caricom), noting the PNM's "seminal role in the evolution of the regional integration movement."

"I am looking forward to the continuation of the close relationship existing between Barbados and Trinidad and Tobago, a symbiosis that is necessary for the harmonious development of a new integrated Caribbean society," he added. Sandiford paid tribute to outgoing Prime Minister A.N.R. Robinson, whom he described as a "committed regionalist who gave unstinting support to any action that would strengthen the regional integration movement.... He himself was responsible for a number of notable initiatives aimed at understanding and advancing the cause of regional integration. We shall miss him," Sandiford said.

Haiti

OAS Ambassador Expected To Return 19 Dec

FL1912232491 Port-au-Prince Radio Nationale
in Creole 1400 GMT 19 Dec 91

[Interviews with Serge Joseph, Haitian senator; Paul Laurent Tardif, OAS representative in Haiti; and Ernst Pedro Casseus, Haitian deputy, by correspondent Jean-Marie Ferari; place and date not given; italicized passages in French]

[Text] According to a source close to the Haitian Parliament, Ambassador Ramirez Ocampo, assigned by the OAS to find a solution to the Haitian crisis, will return to Haiti. Serge Joseph says Ramirez Ocampo will arrive in Haiti in the next few hours to continue negotiations with the Haitian Parliament begun in November. The last visit of the Colombian diplomat in Haiti caused numerous reactions. Several political sectors have said, and rightly so, that Mr. Ramirez Ocampo exceeded his authority. According to a press release by the Haitian Resistance League, Ramirez Ocampo took advantage of his influence to travel with former Information Minister Mrs. Marie-Laurence Jocelyn Lassegue, who has taken refuge in an embassy. All the more reason to ask questions concerning Ramirez Ocampo's mission. Jean-Marie Ferari interviewed Senator Serge Joseph for Radio Nationale.

[Begin recording] [Ferari] The head of the OAS mission, Mr. Ramirez Ocampo, will very likely come back to Haiti to continue the negotiations. This information was provided—not officially, but unofficially—by Senator Serge Joseph.

[Joseph] As a statesman, I cannot tell you officially that Ramirez Ocampo will arrive in the country within the next 48 hours; but I believe I can tell you unofficially that Mr. Ramirez Ocampo will arrive on 19 December at the

latest. This time, he is coming with the express purpose of settling this situation, which is a headache for Haiti and all Haitians.

[Ferari] During his last visit to Haiti, Mr. Ramirez Ocampo said the negotiations were going well and that it was very possible that the opposing parties would apply Article 137 of the Constitution as a solution to the crisis the country is going through now. Article 137 deals with appointing a new prime minister. Today, a few hours before the probable arrival of Mr. Ramirez Ocampo in the country, what are the chances that the Haitian people will not celebrate the Christmas season since the embargo is still in force? To answer this question, we went to the OAS office in Haiti and asked the head of this office, Paul Laurent Tardif.

[Tardif] *As you know, the crisis has been in existence for some time. The OAS has committed to mediate the situation and many efforts have been made over the past weeks. I hope more progress will be achieved so a quick solution can be reached. But again, you must be patient. We are working on that. The OAS is working on the situation and still hopes to succeed.*

[Ferari] *It will be 25 December soon. As you know, 25 December marks the Christmas feast in Haiti. Haitians would like to know whether they can hope to spend this 25 December....*

[Tardif, interrupting] *Without the embargo?*

[Ferari] *I do not know....*

[Tardif] *Personally, I keenly wish so but—of course—this will depend on the progress made in the negotiations.*

[Unidentified journalist] *Regarding the negotiations, they are going very well so far.*

[Tardif] *They are moving ahead. They are going quietly but they are moving ahead.*

[Ferari] *What are some topics that could be on the agenda in the next few days? As the OAS representative in Haiti, what can we expect during the next few days?*

[Tardif] *Listen, it is still a question of finding a prime minister, a head of government who can satisfy all factions.*

[Ferari] Remember that while Mr. Ramirez Ocampo is expected to return in the next few hours, or I should say he may return in the next few hours, a new factor was raised on 18 December, at a time when negotiations are still going on. This new factor is the return of three parliamentarians to the legislative chamber, who had been absent since 30 September. They are Senators Turneb Delpé and Wesner Emmanuel, and Deputy Ernst Pedro Casseus, former Chamber of Deputies president. Given the positions of these three parliamentarians in support of the previous regime, we interviewed Deputy Ernst Pedro Casseus.

[Casseus] The first statement I will make to the Haitian people is a statement of hope because they are fighting for a change in Haiti for a better standard of living. They have really struggled. A crisis has arisen. They are struggling everywhere in view of the crisis. Well, we tell them to keep struggling because the solution, their victory, the beginning of their victory is only steps away. Democracy cannot be built in one day. They must always struggle to achieve more progress. Thus, they must struggle so they can get what they want. Thank God they have begun to see some hope. They must struggle even more so the hope can grow bigger and so they can achieve what they need.

[Ferari] Those were the statements of Deputy Ernst Pedro Casseus. May we remind you that within the scope of the negotiations and in order to find a solution to the current Haitian crisis, six rounds [preceding word in English] of talks have already been held. The first round took place on 4 October at the airport. The second round was held on 5 October after OAS representatives returned from Jamaica. The third round took place on 10 November in Port-au-Prince. The fourth round was held 22-25 November in Cartagena. The fifth round took place in Port-au-Prince on 5 December and the seventh [as heard] round, which may take place in the next few hours, will hopefully be the last one. [end recording]

PAIN Leader Condemns Charles Assassination

FL1912200891 Port-au-Prince Radio Soleil Network
in Creole 1200 GMT 19 Dec 91

[Text] In a statement to the press, National Agricultural and Industrial Party (PAIN) leader Louis Dejoie II condemns the assassination of party member, Deputy Astrel Charles. Dejoie says the death of the Pignon deputy is yet another tragedy to strike the country while the people are living through the crisis that began 30 September.

The PAIN leader explains that not only does his party condemn these acts, but it also urges the authorities to arrest the villains and to bring them to justice before the courts, in compliance with the law. Dejoie's party says it was not to create the current climate of disorder that the people enacted the 7 February 1986 event. He adds that considering the critical period that the country is presently going through, which has worsened since the embargo, all sectors of national life, including the political parties, the Parliament, and the Haitian Army must take the opportunity to... [changes thought] must do all they can to save the country through the formation of a national union government.

Dejoie thinks only such a government can succeed in putting an end to the crisis that Haiti is now experiencing. PAIN therefore urges the heads of political parties who have representatives in Parliament to meet as soon as possible to find the solution the country needs because, according to the PAIN leader, only a solution originating in Haiti can get us out of this crisis.

Jamaica

Supreme Court Resumes BCCI Hearings 18 Dec

FL1912235391 Bridgetown CANA in English
2114 GMT 19 Dec 91

[Text] Kingston, Jamaica, Dec 19, CANA—The Supreme Court hearing of a petition to wind up the Bank of Credit and Commerce International (BCCI) resumed Wednesday with the appointment of three new petitioners to replace the Central Bank. The new petitioners are Seragh Lakasingh, company director; Hervert Aris, businessman; and Leroy Thompson, manager of Amaco Supply Ltd. They have total deposits of more than 500,000 Jamaican dollars in BCCI.

Bank of Jamaica, the previous petitioner, was thrown out in November when Justice W.D. Marsh ruled that the Central Bank could not bring the petition because it was not a creditor of BCCI. In making his ruling last month, the judge upheld an objection brought against the Central Bank by Dr. Lloyd Barnett representing BCCI Grand Cayman, the parent company of the local branch, which is opposing the petition.

Dr. Barnett had argued that while the Central Bank had 144 million Jamaican dollars lodged in the local branch of BCCI, it owed a Los Angeles branch 8 million U.S. dollars. He said this meant that the Bank of Jamaica was a debtor and not a creditor and therefore could not be a petitioner.

The petition seeking to have a liquidator appointed to wind up the operations of BCCI is part of government's efforts to protect Jamaican depositors in the bank. The Jamaican branch was closed in July and a provisional liquidator appointed following widespread allegations that the bank's operations in other countries had been compromised by fraud and other illegal activities. The hearing continued on Thursday.

Trinidad and Tobago

Manning Says Government To Honor Commitments

FL1812174291 Bridgetown CANA in English
1640 GMT 18 Dec 91

[Text] Port-of-Spain, Trinidad, Dec 18, CANA—New Trinidad and Tobago Prime Minister Patrick Manning, addressing the nation on Tuesday night, said his government would honour all of the country's commitments.

"All commitments made by the government of Trinidad and Tobago at home and abroad will be honoured and will, as is normal, be reviewed from time to time," Manning said on radio and television, hours after he was sworn into office.

Manning's People's National Movement (PNM) comfortably won general elections on Monday, to recapture the government it lost to the National Alliance for Reconstruction (NAR) in the 1986 general elections. Manning, a 45-year-old geologist and a 20-year veteran

of parliamentary politics, said he looked forward to the task of running the country, noting he would approach the task with enthusiasm, dedication, and humility.

"We are certain that with your cooperation, participation, and patience, our beloved country will once more be on the path of stability," he said. Manning promised his government would engage in consultation on an ongoing basis to inform and "fashion the decision-making process." In this connection, he said he planned to meet at the earliest opportunity with the head of the public service, the labour movement, the business community, and religious organisations. He also said he would seek an early meeting with opposition leader Basdeo Panday to whom he extended an invitation to work with the government in the interest of national unity.

"...My government recognises the need for us to walk hand-in-hand into the future, forging that national unity to which we all aspire..." Manning said.

Manning is expected to move into the prime minister's office from Thursday. The first two ministers were expected to be sworn in on Wednesday, with the remaining cabinet appointments expected by Friday. President Noor Hassanali was expected to swear in Keith Sobion, a former associate tutor at the Hugh Wooding Law School here, as the country's new attorney general. PNM chairman Dr. Lenny Saith was to be sworn in as a senator and as minister in the office of the prime minister, with responsibility for science and technology.

Manning said democracy had once again triumphed in Trinidad and Tobago, and with the general elections past, it was time for the country to settle down and live and work together.

First Ministers in Manning Government Sworn In

FL1812230191 Bridgetown CANA in English
2038 GMT 18 Dec 91

[Text] Port-of-Spain, Trinidad, Dec 18, CANA—President Noor Hassanali on Wednesday administered the oath of office to the first two ministers named by Prime Minister Patrick Manning to serve in his newly-elected People's National Movement (PNM) government. Keith Sobion, a 40-year-old lawyer and law lecturer, was sworn in as the new attorney-general of Trinidad and Tobago and Dr. Lenny Saith, a 56-year-old chemical engineer and chairman of the PNM, as minister in the prime minister's office with responsibility for science and technology.

The PNM, in opposition for the past five years, scored a comfortable win in general elections on Monday to recapture the government it lost in 1986 to the National Alliance for Reconstruction.

Sobion was one of the successful 21 PNM candidates. Saith enters the government as a senator. Other members of the Manning cabinet are expected to be named by Friday.

El Salvador**FMLN Downes Honduran Helicopter; 8 Killed***PA2012012391 Paris AFP in Spanish 0044 GMT
20 Dec 91*

[Text] San Salvador, 19 Dec (AFP)—According to Radio Venceremos, a clandestine radio station, eight Honduran Army officers, including two colonels, were killed on 19 December in eastern Morazan Department, 224 km east of San Salvador, when a helicopter in which they were traveling was destroyed by the Farabundo Marti National Liberation Front (FMLN).

The colonels, who were in a Honduran Air Force helicopter, were identified as Hernan Acosta and Danilo Carvajal. Also killed were Lieutenant Marcos Antonio Valladares and other unidentified officers.

As of the evening of 19 December, it was not known why the Honduran aircraft was in Salvadoran territory. The Salvadoran Army has confirmed the death of the Hondurans.

FMLN 'Regrets' Downing Helicopter*PA2012033791 (Clandestine) Radio Venceremos
in Spanish to El Salvador 0005 GMT 20 Dec 91*

[Communique issued by the 3d Military Region of the National Army for Democracy, END, in Sociedad, Cacaopera, on 19 December]

[Text] A helicopter was downed at 1045 on 19 December. It was an olive green camouflaged UH-1H Honduran military helicopter, No. 948, equipped with two M-60 machine guns, and a crew armed with M-16 rifles. This aircraft was downed by our antiaircraft units as it was flying at a height of 50 meters over the combat zone in Estancia de Cacaopera canton, Morazan department. It fell in the El Malacate Hill area.

The aircraft was downed in the course of heavy fighting between forces of the National Army for Democracy [END] and the Salvadoran Armed Forces, as the Lenca and Morazan Battalion of Military Detachment 4 were changing positions. The fighting began at 0700 on 18 December and lasted until 1100 on the same day. As two companies of the Morazan Battalion were moving toward the Alto del Aguacate area at 0800 on 19 December, the 1st Company of the Lenca Battalion was heading toward the town of Cacaopera. Fighting began at Las Mesas Hill and at Las Guarumas in Estancia canton. The Armed Forces also used a group from the Morazan Battalion as reinforcements, which took up positions on Malacate Hill.

The fighting lasted until 1030. At that time, the sound of a helicopter heading toward the combat zone became audible in the area of Calavera canton, Corinto jurisdiction. Subsequently, it headed toward the banks of the Torola River at a low altitude and continued over the peak of Las Guarumas Hill in a provocative manner. Our antiaircraft units fired at the aircraft.

There were nine crewmen inside the helicopter, eight of whom died on impact, while another, a Lieutenant Valladares, was found near death inside the helicopter. Our units gave him first aid, but he died from his serious injuries.

So far, we have confirmed the following names and ranks of the crew: Colonel Hernan Acosta M., Infantry Lieutenant Marcos Antonio Valladares Zelaya, Aviation Sublieutenant Jaime Enrique Prieto Peruel, Infantry Col. Danilo Carvajal Molina, a major named Fernandez, and two officers of the 101st Paratroopers Battalion named Mejia and Hernandez.

The FMLN [Farabundo Marti National Liberation Front] regrets that this incident occurred. We also express our condolences to the (grieving) families, and we call on the High Command and the Honduran Government to take all necessary measures and precautions to keep their ground and air troops from entering combat areas under FMLN control. This aircraft was 14 km inside Salvadoran territory, obviously violating El Salvador's sovereignty and territorial integrity.

We call on the UN Observers for El Salvador, the International Red Cross Committee, humanitarian organizations, and the local and international press to come to the area to verify this account of the incident.

We also call on the Honduran Foreign Ministry to make arrangements with our general command for the evacuation of the bodies of the crew. To this end, we ask for the participation of the Honduran ambassador in our country.

Our forces will provide full guarantees that there will not be any fighting in the area to facilitate the evacuation operation.

[Signed] 3d Military Region of END, headquartered in the Sociedad, Cacaopera area

Assembly Asked To Investigate Jesuit Case*PA1912153691 San Salvador Radio Cadena YSU
in Spanish 1800 GMT 18 Dec 91*

[Report by David Rivas]

[Text] The Society of Jesus asked the Legislative Assembly on 18 December to appoint a commission to uncover the masterminds of the massacre of the six Jesuit priests perpetrated two years ago by Salvadoran Army soldiers.

The formal request was submitted by Jose Maria Tojeira, provincial of the Jesuits in Central America, and by Father Francisco Estrada, rector of the Central American University, UCA. We are asking for an investigation that can determine the masterminds of the crime, Tojeira told the media minutes after turning in the request to the Legislative Assembly.

Tojeira said: We are deeply convinced of the existence of masterminds, who must stand trial for the sake of the country. The Society of Jesus has asked the Assembly to

appoint a special commission to investigate the massacre of the Jesuit priests and their two maids, which took place on 16 November 1989 inside the UCA.

[Begin recording] [Tojeira] It is a constitutional recourse. Whether it is politicized or not is a problem for the Legislative Assembly, not us. We believe everything that is guaranteed by the Constitution is valid and correct in the country. Subsequent problems that may emerge would be the problems of those who are in charge of enforcing the law in the country, not us. We are exclusively resorting to a constitutional right.

[Reporter] What do you expect from this request?

[Tojeira] The Constitution states that when important problems of the nation are being discussed, the creation of an investigation commission can be requested at the Assembly. We are exercising that right by asking for the creation of this investigative commission and we expect them to simply investigate for themselves and to tell us if they—as the representatives of the people—believe there are masterminds or not. We want them to tell us the reasoning behind their beliefs. We believe that there are masterminds, and we believe that if there are masterminds, they should stand trial for the welfare of the country. We believe that the fathers of the fatherland—as the Legislative Assembly members are often called—should investigate for themselves and tell us what they find. We call upon the executive branch to initiate a new investigation to determine the masterminds. If they do not believe there are any, they should tell us why.

[Reporter] [Question indistinct]

[Tojeira] Exactly.

[Reporter] [Question indistinct]

[Tojeira] We are deeply convinced that there are masterminds. Later on we will give you a copy of what we are requesting and you will be able to read the 12 or 15 reasons for which we think there were masterminds in this case. If there are any, we are asking for an investigation. Up to now a serious investigation of the masterminds involved in the Jesuit case has not been conducted, even though we believe there is evidence of their existence.

[Reporter] Could you give us some of the most important reasons, Father?

[Tojeira] The one that convinces me the most is the huge cover-up following the case. The case was the assassination [corrects himself]...it was an operation carried out as an official operation. It is incredible that it could take a month and a half to determine who carried out an operation that is officially conducted within the Armed Forces, regardless of who gave the order. If they took so long, it is because there was a cover-up and because there were internal pressures that prevented us from learning the truth promptly. These gentlemen left the military academy and crossed a series of checkpoints that were set up between the military academy and the UCA. They were not arrested, as they should have been. These

gentlemen conducted their official operation. Therefore, if they did not immediately investigate, it is because they are hiding someone. This is only one reason, but there are many others and you will be able to read them in the document that will be given to you.

[Reporter] Since the decisions at the Legislative Assembly are made by an absolute majority and since politics prevails here, what are your hopes for this request in the Assembly?

[Tojeira] Contrary to what some deputies, who speak of politization, are saying, we believe in the truth rather than politics. Since we believe in the truthfulness of our request, we believe the truth can stimulate the deputies regardless of their political convictions. I hope that for the sake of the Salvadoran people, the truth will come before politics. I do not think the case has to be politicized. It is important to find the truth regardless of the different political persuasions.

[Reporter] [question indistinct]

[Tojeira] Then they should tell us why it is inadmissible. I was reading a newspaper, which noted the hatred, stating this request would promote hatred. I believe that to kill is to promote hatred. To ask for the truth of a case cannot be considered promoting hatred.

[Reporter] What reports do you have about the ruling issued by the Fourth Criminal Court judge?

[Tojeira] Just what you know, that the ruling will probably be issued in January. It has not yet been issued because of the huge number of recourses presented by the defense lawyers. That is a right the defense lawyers have, therefore we cannot protest against the exercise of those rights.

[Reporter] [Words indistinct] do not accept the ruling?

[Tojeira] The ruling only concerns the masterminds. We are asking for an investigation of the masterminds. We have said that the ruling has been accepted. [end recording]

On 28 September, a civilian court found an Army colonel and a lieutenant guilty of the Jesuits' murder and they are still awaiting sentencing. Seven other military officers involved in the massacre, were acquitted.

Honduras

President Callejas Confirms Helicopter Downed

PA2012030691 Paris AFP in Spanish 0232 GMT
20 Dec 91

[Text] Tegucigalpa, 20 Dec (AFP)—On the evening of 19 December Honduran President Rafael Callejas confirmed that the Salvadoran guerrillas downed a Honduran Air Force helicopter, killing nine [number as received] soldiers.

In statements to local radio stations, Callejas said he received a telephone call from Salvadoran President Alfredo Cristiani, who notified him of the tragic incident.

Callejas' explanation implicitly denied a preliminary report issued by the Honduran Army to the effect that the helicopter had suffered an accident in Honduran territory "due to bad weather."

Callejas said the Armed Forces notified him of the incident in the afternoon and that "they (the military leaders) are conducting the rescue efforts and will later investigate the incident."

Asked about the mission the Honduran helicopter was conducting in Salvadoran territory, Callejas said that it is up to "the Armed Forces to issue bulletins with regard to that."

He said the area where the incident took place "is in a state of conflict and the ONUCA (UN Observer Group in Central America) will be responsible for transferring the bodies."

According to reports from the Farabundo Marti National Liberation Front (FMLN), the UH-1H type aircraft was downed by antiaircraft fire in the vicinity of Cacaopera in El Salvador's Morazan Department—in the eastern part of the country—while Salvadoran guerrillas and Army troops were engaged in combat.

Armed Forces Communique on Helicopter Crash

PA2012023191 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 20 Dec 91

["Official Communique No. 16" issued by the Honduran Armed Forces Public Relations Directorate in Tegucigalpa on 19 December]

[Text] The Honduran Armed Forces Public Relations Directorate informs the national and international public that:

1. On the afternoon of 19 December, a Honduran Air Force UH-1H helicopter had an accident during a routine flight in the vicinity of Estancia, La Paz Department.
2. Difficult climactic conditions prevailed in the region as the helicopter flew over the Salvadoran border.
3. Traveling in the helicopter were [word indistinct] Infantry Colonel Danilo Carvajal Molina, Infantry Major Pablo Fernando Rapalo, Captains Rolando Lara Pudes and Marcos Tulio Valladares [name as heard], Sergeants Jose Javier Torres and Efrain Mejia Aguilera, and two other soldiers.
4. The crew was comprised by Sub Lieutenants Jaime Enrique Prieto (?Rudel), pilot and Marvin Cabanas, copilot; and Sgt. Jose de los Santos Gonzalez, flight engineer.

After learning of the accident, Honduran Air Force and Army units were deployed to the area for rescue and first aid efforts. Further details will be disclosed in our next bulletin.

[Issued] Tegucigalpa, Central District, 19 December 1991

[Signed] Armed Forces Public Relations Directorate

Nicaragua

Recontras Declare Truce for Coffee Harvest

PA1912132591 Managua Radio Sandino in Spanish 1256 GMT 19 Dec 91

[Text] El Indomable [Jose Angel Moran Flores] and other recontra leaders have reportedly declared a truce. They promised that they would not attack trucks so as to allow the coffee harvest to get out.

In other words, violence will stop for the time being. Cardinal Miguel Obando y Bravo reportedly mediated to achieve the aforementioned truce.

Meanwhile, a meeting between President Violeta Chamorro and recontra representatives, including El Indomable, will take place on 23 December. This meeting has been called to attain peace and end violence in Jinotega and the northern part of the country.

Recontras Release Pantasma Hostages

PA2012024291 Managua Radio Nicaragua Network in Spanish 1815 GMT 19 Dec 91

[Communique issued by the OAS International Commission of Support and Verification, CIAV-OAS, in Managua on 18 December—read by announcer]

[Text] In the early morning hours of 18 December 1991, a telephone call from the regional manager of the Nicaraguan Institute of Energy [INE] was received at the CIAV-OAS [International Commission of Support and Verification-OAS] offices in Esteli.

The INE official said about 23 employees of that government institution were being held hostage in the Pantasma area. The hostages were being threatened by the so-called recontras. The INE official requested the cooperation of the CIAV-OAS to secure the release of his employees. Mr. Javier (Pitarque), a protection official [oficial de proteccion] of the CIAV-OAS in Region 1, traveled to the area with Alejandro Suazo, a protection official from Matagalpa. After passing through territory held by different recontra groups, the CIAV-OAS officials arrived in Pantasma at noon. They contacted the INE employees and other citizens being held in similar conditions.

After reaching an agreement with the recontras for the release of all the hostages, the CIAV-OAS officials led a motorcade of four INE vehicles with 23 employees, a

vehicle from (Prodere) with 13 employees, a UNICEF vehicle with two people, a truck with passengers, a pickup truck carrying civilians, and a motorcycle with two passengers. The motorcade left the area under CIAV-OAS protection at approximately 1400. They arrived hours later at their destinations in Matagalpa and Esteli.

[Issued] Managua, 18 December 1991

Recontras Continue To Seize Highways

PA1812202391 Managua Radio Ya in Spanish
1200 GMT 17 Dec 91

[Text] Since the afternoon hours of 16 December, recontras led by Jose Angel Moran Flores, also known as El Indomable, have had several highways between Esteli, San Rafael del Norte, and Yali under their control. It has been reported that this action is part of a so-called Shadow Plan against the government for not accepting his demands that El Indomable announced would begin 13 December.

The plan calls for the burning and destruction of vehicles on highways under their control. They also threatened to kill the drivers if they do not follow orders.

Meanwhile, armed men led by El Indomable have taken over a Construction Ministry camp in Las Colinas, 15 km from Yali. It was also reported that El Indomable controls a group of approximately 250 heavily armed men. They announced they will attack a nearby town shortly.

Panama

Commission Sets Deadline for Executive Branch

PA1912163491 Panama City Radio KW Continente
in Spanish 1200 GMT 19 Dec 91

[Report on interview with Milton Henriquez, Christian Democratic Party legislator and president of the Legislative Assembly Budget Commission, by Roberto Rodriguez—recorded]

[Text] [Rodriguez] The Legislative Assembly's Budget Commission gave the executive branch a deadline of noon on 19 December to reach a consensus that will allow adjustments to the budget presented by the Ministry of Planning and Economic Policy. If no consensus is reached, the Assembly will immediately reject the budget proposed by the executive branch, which would create a difficult situation between the two government branches.

[Henriquez] If a consensus is reached with the executive branch, followed by a Cabinet resolution supporting the modifications, we would present the draft bill to the Legislative Assembly plenum. Should the executive

branch maintain an intransigent attitude, our recommendation would be to reject the budget and to ask the executive branch for a new budget as soon as possible.

[Rodriguez] Do you think the proposed budget will be rejected, or will a consensus be reached with the executive branch?

[Henriquez] We believe we must try to reach a consensus, and we are working toward that goal. However, we are also ready to reject the draft bill should the executive branch insist on maintaining the proposed budget.

[Rodriguez] Does this mean that a confrontation exists between the executive branch and the Budget Commission?

[Henriquez] The talks have been cordial so far. I would say that we are in a phase of talks and negotiations, not of confrontation.

[Rodriguez] Which areas of the budget should be reduced so others may be increased?

[Henriquez] We are talking about a \$25 million reduction by not filling existing vacancies. If there is a policy to reduce the state payroll, there is no reason why funds should be reserved for those positions, unless someone wants to use them as political booty. We also want a reduction in weapons expenditures described as military expenses in the budget. Insurance costs, which have dramatically increased from one year to the next, must be reduced, along with travel expenses that we consider excessive. There are other areas where budget cuts could be made totaling approximately \$27 to \$30 million. Those funds could be reallocated for education, health, public works, and to increase investment funds assigned to community boards from \$5,000 to \$10,000.

Employees Issue Declaration on National Problems

PA2012043091 Panama City LA ESTRELLA DE
PANAMA in Spanish 19 Dec 91 p 2b

["Declaration of Santa Clara" issued by the Central Directorate of the Association of University of Panama Employees on 1 December in Santa Clara]

[Text]

Declaration of Santa Clara

After two days of serious and frank discussions and analysis, demanded by the grave national and university situation we are facing, the Central Directorate of the Association of University of Panama Employees [ASE-UPA], with the directorates of its nationwide chapters, reached the following agreements that we report to the national and university communities through the following declaration:

At the National Level

1. Two years after the genocide of 20 December 1989, we condemn the cruel invasion of Panama and repudiate the current occupation of the nation by the U.S. Army.
2. We urge all patriotic Panamanians, regardless of age, sex, religion, or social class to join efforts to eliminate the current occupation of the country by foreign troops.
3. We invite all members of the university community (administration, professors, and students) to join the Great Black March on 20 December and we demand that current university authorities lead the university community during this march.
4. We demand that the current government declare 20 December as a day of national mourning and that the university administration declare it a day of national dignity, and thus, suspend administrative and academic activities.
5. We reject the economic policy of the Endara-Arias-Ford administration, which aims to curtail citizens rights to a dignified and just social security system, increase the unemployment rate drastically, and reduce the access to and rights of Panamanians to housing, health, and education in an inhumane manner.

At the University Level

1. We ratify our support to the objective of a "administrative career" for the University of Panama. At the same time, we demand an unrestricted respect from the central, as well as regional university authorities, its deans, and directors.
2. We demand an immediate suspension of all illegal personnel transfers, political persecution (especially in the CRU [Regional University Centers] of Chiriqui and Colon), harassment, open and veiled threats, the policy of disunity emanating from some current university authorities, and public and private insults aimed at the university community from high-ranking government officials, whose conduct should be exemplary.
3. We firmly demand an immediate resumption of all competition to specific positions, category reports, and ratings in order to open the legal nominations period. In addition, we call upon the university to acknowledge, by certified document, what it owes each employee since 1987.
4. We proclaim our active solidarity with the teaching and student body. We propose the immediate appointment of a permanent commission to unite the different university sectors to discuss all problems currently plaguing the university. The permanent commission is to prepare the university population for the struggle that is forthcoming.
5. Considering the swift and dangerous deterioration of the situation, we reiterate the urgent need of coherence

between the speech made by the rectorship and the conduct and statements of its subordinate authorities.

6. We call upon Dr. Carlos Ivan Zuniga to honor public commitments and to organize a university march to demand a 1992 budget, which the university deserves and needs to carry out its faculty and administrative obligations.

7. Finally, we commit ourselves to disseminate and transmit this declaration to obtain the necessary consensus among our membership and to create the necessary optimum conditions to confront the challenges of the immediate future. With this objective in mind, we have endorsed the Action Plan, which will guarantee the objectives pointed out in this declaration.

[Signed] ASEUPA Chapter of the CRU-Colon
ASEUPA Chapter of the CRU-Veraguas
ASEUPA Chapter of the CRU-Chiriqui
ASEUPA Chapter of the CRU-Cocle
ASEUPA Chapter of the CRU-Azuero
ASEUPA Chapter of the Tocumen Farm
ASEUPA Chapter -ATUM [expansion unknown]
[Issued] Santa Clara, 1 December 1991.

Retirees Demand Payment From Stamp Revenues

PA1912232591 Panama City *CRITICA LIBRE*
in Spanish 19 Dec 91 pp 1, 45

[Article by Roberto Cubilla]

[Text] On 18 December, a demonstration by elderly citizens was dispersed with buckshot and tear gas. Beginning early in the morning, the demonstrators blocked Transisthmian and Ricardo J. Alfaro Avenues, where they intersect at San Miguelito.

Area H police under the command of Major Jose Luis Garabito dispersed the demonstration staged by Social Security retirees and pensioners. The retirees, for a third consecutive day, took to the streets to demand that the Executive Branch pay their pension increases from the sale of the Peace and Security stamps, which was approved by law in 1986.

The flow of traffic in Panama City was paralyzed beginning 0700, when San Miguelito retirees and pensioners occupied the intersection of two important avenues and closed a vehicular overpass.

Trucks from Tocumen Airport and Colon were parked along the avenues. Commuters had to walk long distances to reach their jobs. Thousands of people expressed anger over the manner in which they had been affected by the protests.

At approximately 0800, National Police Director Oswaldo Fernandez arrived with San Miguelito Mayor Ruben Dario Campos. They asked the protest leaders to move from the avenues so they could discuss the retirees'

demands. The proposal was rejected by the demonstrators, who remained in the streets and erected barricades to block traffic.

At approximately midday, Maj. Garabito announced that a meeting between Comptroller Ruben Carles, Deputy Finance Minister Delia Cardenas, and the top pensioner and retiree leaders had ended. Garabito, following instructions from Government and Justice Minister Juan B. Chevalier, ordered his units to clear the roads and remove the barricades. The demonstrators protested and engaged in a struggle with the riot police, who used tear gas and fired buckshot to restore order.

Meanwhile, San Miguelito Mayor Ruben Dario Campos stressed that early in the morning he received instructions from the Executive Branch to resolve the protest; peacefully or forcefully. Campos said that after several conversations with the retirees, he assumed the responsibility of using the necessary mechanisms to normalize the situation.

The mayor also pointed out that certain elements had infiltrated the demonstration in an attempt to "take advantage of the situation." He added that by midday many criminals were involved in acts of vandalism and had sacked a commercial truck. To conclude, the mayor said that the infiltrators were "dignity battalion leaders and Committee for the Defense of the Fatherland and Dignity members who supported the past regime."

Belisario Nunez, president of the National Retirees' Association [Asociacion Nacional de Jubilados—ANJ], San Miguelito Chapter, blamed the district authorities for the repression and warned that the protests will continue. He explained that the retirees and pensioners are demanding pension increases due them from the profits of the sale of the Peace and Security stamp, which was approved by law.

Several pedestrians, children, youths, demonstrators, and a few elderly persons were affected by the tear gas fired by the policemen.

Argentina

Menem To Visit United Kingdom in 1992

PY1912181691 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1552 GMT 19 Dec 91

[Text] Buenos Aires, 19 Dec (NA) — President Carlos Menem has confirmed that he will visit the United Kingdom in 1992, on the occasion of the 10th anniversary of the Malvinas War.

During a brief chat with journalists in the White Room of Government House, Menem revealed that he has given "precise" instructions to the Argentine Foreign Ministry to plan this trip.

The news of the trip had already been reported by the British newspaper THE FINANCIAL TIMES in an interview that took place here with the chief of state.

Senate Approves Domestic Security Law

PY1912191291 Buenos Aires TELAM in Spanish
1201 GMT 19 Dec 91

[Text] Buenos Aires, 19 Dec (TELAM)—The Senate last night approved the domestic security law. This law establishes mechanisms coordinating the activities of the police, the Border Police, and the Coast Guard, which will be subordinated to the Interior Ministry and supervised by a congressional committee.

The law establishes a Domestic Security Council to be headed by the interior minister and made up of the justice minister, the secretary for the struggle against drug trafficking, the domestic security under secretary, federal and provincial police chiefs, and the Coast Guard and Border Police commanders.

All political blocs in the Senate, except for Horacio Bravo Herrera, the Justicialist party senator for Salta, voted in favor of the approval of the law.

During the debate, Justicialist Senator Eduardo Vaca spoke on behalf of the government bloc that approved the draft bill by stating: "This is in response to the cry of our people" who are "increasingly concerned about security in our country."

He added: "Domestic security is achieved through the strengthening of the Interior Ministry's role, particularly its power to draft and enforce security policies, in addition to coordinating and supervising the activities of the police and security forces."

In addition, Liberal Party Senator Juan Aguirre Lanari, Justice Committee chairman, noted that the domestic security law corrects some flaws in the defense law. The newly approved law provides for the participation of the Armed Forces "under exceptional circumstances" in cases of serious domestic unrest.

Moreover, Autonomist Party Senator Jose Romero Feris pointed out the defects of the defense law, which was

approved in 1989. He also praised "the establishment of a congressional committee to control domestic security and intelligence organizations and their activities."

Bloquist Party Senator Eduardo Posleman said the draft bill is "an important contribution made by Congress to achieve domestic security." Neuquen Senator Jorge Solana said: "It establishes guidelines for safeguarding freedom, life, and the citizens' properties."

Radical Civic Union [UCR] Senator Luis Brasesco expressed overall support for the law but objected to the inclusion of the chief of the Joint Staff as a nonpermanent member of the Domestic Security Council because "the defense minister, his immediate supervisor, is also a member of this council."

The Senate also accepted the resignations of Ruben Marin and Edgardo Grosso, who last week were installed as La Pampa governor, and Cordoba deputy governor, respectively. In addition, the two new Senate secretaries were sworn in.

Provisional Senate President Eduardo Menem gave the oath of office to Edgardo Piuze as the new Senate general secretary [secretario parlamentario] and Edgardo Murguía—who was Justicialist party senator for Santa Cruz from 1983 to 1989—as administrative secretary.

Eduardo Menem motioned a question of privilege in view of statements made by UCR legislators during the Senate meeting on 6 December that accepted Eduardo Duhalde's resignation as vice president.

Menem said he was offended by the "racist commentaries against his ancestors" that were made by those who "insulted me and made rude comments against myself and my family." He supported his statement with newspaper clippings on these statements.

Economy Ministry Releases Letter to IMF

PY1912123491 Buenos Aires TELAM in Spanish
1858 GMT 18 Dec 91

[Text] Buenos Aires, 18 Dec (TELAM)—The Economy Ministry today published the contents of a letter that was sent on 9 December to IMF Managing Director Michel Camdessus. The letter requests the second disbursement of the standby program now that the objectives of the third quarter of 1991 have been fulfilled.

The letter was taken by Foreign Minister Domingo Cavallo to the United States earlier this month. The letter states that the Argentine Government "is willing to adopt any additional measures" to achieve the objectives of the economic program, adding that it "will continue to consult with the IMF" on the adoption and implementation of its program.

In its letter, the economic team emphasizes the drop in the inflation rate from 27 percent in February to 0.4 percent in November and the considerable drop in

interest rates from 14 percent per month during the first quarter to 2 percent during the second and third quarters.

The letter also highlights the reactivation of the economy, as demonstrated by the 16 percent increase in the industrial production index between April and October, while unemployment "dropped to below 7 percent."

After stressing the importance of the privatization programs, the economic team states in the letter that the sale of telephone shares of the newly privatized company prompted "a capital inflow of \$918 million, which surpassed expectations," adding that "the reduction of the number of employees in the consolidated public sector surpassed the objectives, with more than a 16-percent reduction in personnel during 1991."

The letter states: "Regarding the fulfillment of goals during the third quarter under the contingent program, the net adjusted international reserves surpassed by \$454 million the objective of the program," adding that during the same quarter "tax earnings increased tremendously through an increase in the collection of VAT [value added tax] (the main tax) from 3.25 percent of the GDP [Gross Domestic Product] to 5 percent during August and September."

The economic team headed by Cavallo feels that "prospects for the fulfillment of the objectives of the fourth quarter are good, as demonstrated by the result obtained so far." They add that "the analysis of the fiscal surplus in November shows a tendency consistent with the achievements of the December goals," and that "the collection of VAT as a percentage of the GDP continued increasing to 5.8 percent in October, thanks to the continuous effort to control evasion."

*** General Balza on Military Mission, Training**

92SM0143A Buenos Aires CLARIN in Spanish
17 Nov 91 pp 2-3

[Report on interview with General Martin Balza, Army chief of staff, by Daniel Capalbo and Luis Garasino; place and date not given]

[Text] According to General Martin Balza, the mission of the forces under his command is to become a "credible deterrent" that will contribute to the achievement of the government's objectives. He maintains that this can be done, in spite of the cutbacks involved in the current military reforms. He also stated that young officers and noncommissioned officers are better able than their superiors to adapt to technological change.

[CLARIN] General Balza, do you not fear that, taking over the Army as you are at such a crucial moment, with the commitment to restructuring, you will be regarded in the future as the "liquidator" of the Army?

[Balza] No, and I will tell you why. Beginning in 1982, the Army looked at the Malvinas experience, where there were both positive and negative developments. Two positive aspects were that our forces' ability to lead and unite was clearly demonstrated, and that they maintained their discipline despite the defeat. Among the negative aspects was the fact that our doctrine, from which the procedures and methods for waging war arise, was not in accordance with the country's real possibilities and situation. I recognize that any innovation leads to uncertainty, that we feel comfortable with what we already know, but it is necessary to face change. We are certain that the Army of the future will be more efficient; we have no doubt about that. And that it will be better adapted to the needs and possibilities of national defense. If this is so, there will not have been any liquidation, just a positive transformation. Make no mistake about it: I am not the liquidator of the Army.

[CLARIN] What do you want for the Army, General?

[Balza] Well, I am giving you the official position that Argentina took to the Conference of American Armies in Washington two weeks ago. Based on the assumption that conflict is inherent in any society, and that it is unlikely ever to be eliminated once and for all, the essential mission of any armed force is to be an effective instrument for protecting the interests of the nation it belongs to. And for that purpose, it must become a credible deterrent.

[CLARIN] Can a "credible deterrent" be maintained during this period of cutbacks?

[Balza] Yes, it is possible, but I will explain something to you. At the Conference of American Armies, our position was very well received, and it was the subject of the meetings I held with the army chiefs of staff of the United States and Brazil. I told General Sullivan that the most important thing is to preserve the ongoing missions of our armies with relation to the particular characteristics of each country.

[CLARIN] Excuse us, but...what does that mean?

[Balza] I will translate it into Spanish. The essential mission, our essential mission, is to contribute to the achievement of the political objectives set forth by the government, guaranteeing that it has the freedom to make decisions in this regard.

[CLARIN] For example, sending peace forces to international conflicts?

[Balza] Yes, for example.

[CLARIN] And what does the Army think of this policy?

[Balza] It agrees with it. And over the years, it has sent observers to various regions of the world. Right now they are in the Middle East, in the Sahara, on the border between Iran and Iraq, and in Angola.

[CLARIN] And what about Cambodia? Did General Sullivan, chief of the U.S. Army, ask you to make a contribution there?

[Balza] No, absolutely not. In my meeting with General Sullivan, the subject never came up. We did not deal with any issue that was not strictly military. Sending troops to Cambodia is up to the United Nations. We know through the Defense Ministry that negotiations are taking place, and that a major contingent will be sent, but the Army has not received any request. According to what we were told, the United Nations has not yet named the countries from which it will ask for troops. So that issue was not dealt with at all.

[CLARIN] Returning to what we were discussing earlier, how far are we from having a credible deterrent?

[Balza] Look, do not think that we are using sticks and clubs here; we are not starting from scratch. Some of our forces are at adequate levels, such as the armored units, the field artillery, and communications. But it is true that we have to modernize. If we manage to optimize our resources, we will establish a good deterrent. The next army will probably be a smaller one, in terms of personnel, but it will be more efficient in its operational capacity.

[CLARIN] Do you detect any resistance to change?

[Balza] The thing is, we all feel comfortable with what we already know, what we have learned over a period of 20, 30, 40 years. But it is the young who are best able to adapt to change. This was true of the computerization of our artillery: The captains and sergeants were overwhelmed by the new technology, and they preferred guns with mechanical systems to those with computerized systems; but the corporals and second lieutenants took to the electronic system right away.

[CLARIN] What will happen with the personnel reductions?

[Balza] The basic idea is to restructure the pyramid of command. Right now there are more colonels than second lieutenants, and that cannot continue.

[CLARIN] How will the restructuring be financed?

[Balza] On Tuesday, at the meeting I will hold with the high command and the unit commanders, I plan to announce a list of the unnecessary property that we will put up for sale. It will include some camps, there are some residences for military attaches abroad, the Quinchahuala residence in Bariloche, the Arsenal Command building on Avenida Figueroa Alcorta, and others. But mind you, we will not exchange capital assets for consumer goods. The proceeds from those sales will be invested in other capital assets. We will give priority to the construction or purchase of housing for noncommissioned officers, especially in remote garrisons. We will administer everything ourselves, except for a 10-percent deduction that will go to the state.

[CLARIN] Are you an enemy of the *carapintadas* [military officers involved in uprisings], as has been alleged?

[Balza] I want to be very cautious at a time when some officers and noncommissioned officers have been convicted, some of them receiving very harsh sentences, having lost their military rank and their freedom. I will repeat what I said in my inaugural address: The members of the Army—obviously including myself—are not the enemies of anyone, much less our comrades.

[CLARIN] Well, but you were in charge of the repression of the 3 December uprising at the Patricios Regiment

[Balza] I carried out a military mission, I was executing orders from the government and the chief of staff. Moreover, the 10th Infantry Brigade was directly under my command in my capacity as assistant chief of staff.

[CLARIN] And how did you feel, facing former comrades?

[Balza] At that time I had a mission to carry out, that of restoring the constitutional order at the lowest possible cost—especially in terms of loss of life. I believe that there can be no higher interest than that of the nation itself.

[Box, p 3]

Memories of Malvinas

At 57 years of age, the chief of staff of the Army, Martin Balza, continues to play sports as if the years had never passed. Although he has been overloaded with obligations since he took over from General Martin Bonnet, Balza does not put off his "time-outs" for exercise. Every morning, any citizen can see him running along the Costanera Sur.

"My sport is swimming," he says, and recalls the medal he won "many years ago now."

A short time ago he fractured a shoulder skiing in the south, in a climate to which he is no stranger. In 1982 he saw the Army capitulate at Puerto Argentino.

All things considered, he was one of the few who survived the blow to our prestige that resulted from the war in the Malvinas. He was taken prisoner of war—along with then Colonel Mohamed Ali Seineldin—and remained imprisoned for 31 days, counted one by one.

"What impressed the English the most was how our Army, even after the defeat, maintained the degree of solidarity and subordination that it did. It is rare for the noncommissioned officers in a recently defeated army to be able to maintain discipline," he says with pride.

In his new office in the Libertador building, under the protective glass of the desk, Balza has placed a photograph of his company in captivity. "Yes, that is Malvinas," he explains. "And do you see these 1-pound notes here? Well, those are my war pension," he smiles.

Then he explains: "As a prisoner of war, under the Geneva Convention, I was entitled to a salary of 8 pounds sterling from the English. I used it to buy a toothbrush and a can of Coca Cola. The pounds you see there were what I had left over."

* Constitutional Reform, Reelection Discussed

* UCR Support Needed

92SM0147A Buenos Aires LA PRENSA in Spanish
24 Nov 91 p 5

[Text] The government would need a formal agreement with the Radical Civic Union (UCR) to reform the National Constitution, since despite the fact that the Justicialist Party has a majority of the seats in both houses of Congress, it does not have the two-thirds needed to impose its will.

The constitution states that any total or partial modification requires a special quorum of two-thirds of the Senate and Chamber of Deputies.

An analysis published by the advisory Union for the New Majority claims the Justicialist Party (PJ) does not have the two-thirds needed, although in 1992 it would reportedly have 150 of the 305 members of the Legislative Assembly, the special quorum being 203.

New Majority figures that by that time, the brand-new Tierra del Fuego Province will have elected three more national deputies—it already has two—and, for the first time, two senators.

It maintains that "even by reaching an agreement with national lawmakers belonging to the UCD [Democratic Center Union], provincial parties and related forces, it would take 13 more representatives to make two-thirds.

The study points out that the government could only reach that goal by an agreement with the Radicals, who in 1992 will have 95 lawmakers in their camp, combining the 36 deputies it has left with the nine senators who will remain after 10 December of next year.

Menem's Reelection

The Peronist Opening Movement (MAP), led by Alfredo Carella, Pablo Mangano, Osvaldo Rubillo, Oscar Rosas, and Alfredo Raimundo, has asked Justicialist officials for a ruling supporting the constitutional reform that would lift the ban preventing President Carlos Menem's reelection. To that effect, they will hold a meeting Friday of supporters at the Jorge Newbery Club.

In addition, the Civic Commission for Constitutional Reform, which includes leaders of the PJ, the Independent Citizens Union, and the UCD, Carlos Quijano, Alfredo Carella, Rodolfo Iribarne, Susana Torres, Leopoldo Frenkel, and others, have scheduled a dinner for the same purpose on 5 December. That organization also backs the direct election of the president, senators, and municipal intendant and would require, among

other things, that any social rights granted be accompanied by the necessary resources.

* UCR Chairman's Views

92SM0147B Buenos Aires LA PRENSA in Spanish
21 Nov 91 p 3

[Text] Speaking at the first meeting of the political dialogue with the government, the brand-new head of the Radical Civic Union (UCR), Mario Losada, repeated that his party has no urgent need to push for reform of the National Constitution and expressed "concern" over election resolutions in Santiago del Estero and Avellaneda.

The UCR president also expressly asked that "care be taken in establishing priorities among issues to be dealt with" in the dialogue with the opposition since, in his opinion, social problems, employment, production, and issues relating to economic activity must precede reform of the constitution.

Losada said the meeting with Minister of Interior Jose Luis Manzano was a matter of "protocol" and that at their initial meeting, he had proposed expansion of issues which the government suggests should be treated in the political dialogue.

Concern

In statements made on radio, he said that, on behalf of Radicals, he had expressed "concern" over the events in Santiago del Estero and the Avellaneda district of Buenos Aires where, following a situation of conflict, the Justicialists were declared to have won an election victory over the Radicals.

"We believe that dialogue should be governed by frankness and that it is our political responsibility to ensure that our democratic institutions are protected from any political incident that might place the legitimacy of the people's will in doubt," Losada said.

He admitted that at the first meeting of the political dialogue, Radicals had met with "receptiveness" on the part of government officials.

He denied that the issue of reform had been touched upon, while admitting that any evolving country "should not view the analysis of the country's legal framework as insignificant."

Analysis

While maintaining that the issue of constitutional reform is often listed at the top of political agreements, he also noted the importance of analyzing legal aspects of the constitution, which in his opinion has "lost speed" in terms of the requirements of modern society.

Once again he proposed the idea that political parties should form an "updated" committee to analyze legal aspects of the constitution that might be subject to modification, emphasizing that "this is not a priority."

"The government did not propose it and we have no urgent need to do so," Losada emphasized.

He said that priorities should deal more with "how we resolve social problems, how we solve problems relating to employment, production, or economic activity," recommending that "care be taken in how we establish our priorities."

* Interior Minister Seen As Losing Ground

* Kidnaping Investigation

92SM0146A Buenos Aires LA PRENSA in Spanish
27 Nov 91 p 7

[Report by Carlos Manuel Acuna: "Kidnaping and Politics"]

[Text] After the police investigation uncovered a gang of kidnapers, the issue began to have unexpected political ramifications.

They arose for two main reasons: first, the direct involvement of the former assistant chief of ex-President Raul Alfonsin's bodyguards, Commissioner Juan Carlos Arza, and second, the effort by Interior Minister Jose Luis Manzano to occupy the limelight when the findings of the investigation came out.

The first issue is a tough one. Although nothing new came out in this regard, reliable sources have indicated that Arza's presence at the highest level of criminal responsibility in the gang is no accident and that it could mark the beginning of a related investigation (it has actually already begun) designed to show that some of the police personnel that Alfonsin used to cause incidents that enabled him (with little credibility) to accuse the then opposition of conspiring and causing political "destabilization" are involved in this kidnaping gang.

Furthermore, the names of some well-known figures are already being mentioned, and they have rather suggestive, gangland nicknames indicative of pathological personalities; some of their bosses, who are at large, are also being mentioned.

In this regard, there are those who say that several of the people who planted bombs midway through the Alfonsin administration, especially at primary and secondary schools, could have ties to the recently discovered gang. This immediately gives rise to further speculation, such as, for example, the political relationship with people in the Radical Party's Coordinating Board, which back then was under or received political orders from the former interior minister, Enrique Nosiglia, one of the Alfonsin's major confidants, a role that he still maintains today in spite of the former president's steady decline.

Police Upset

As we know, Nosiglia is one of Manzano's closest friends. This fact broadens the political considerations

surrounding the affair. For this reason, we can understand why no sooner was the identity of the kidnapers' ringleaders first reported than the press began receiving a stream of conjecture and comment about Nosiglia allegedly working together with Manzano to conduct a successful investigation.

This did, of course, prompt surprise and will no doubt prompt much more, as the second phase of the investigation, of which Federal Police chiefs are exclusively in charge, unfolds.

What is more, there are also those who recall that the official media most directly tied to the Casa Rosada hinted, at the expense of those who disagreed with the chief executive, that the Macri incident "is a self-kidnaping." This claim at the very least created some doubts, and these doubts intensified when Mauricio Macri himself and the members of his family stated that "no ransom was ever paid."

The assertion now is that this latter move was part of a strategy to "freeze" any possible inference by the criminals as to what was going on in the investigation; it was also not ruled out that the Macris might have been following instructions from the kidnapers to get Mauricio back alive.

In any event, these elements of the case upset the police, which knew perfectly well (it is obvious and logical) that the investigations were conducted and made headway thanks to effective coordination between the federal agents and investigative judge Nerio Bonifati, who has become de facto and de jure the hub of this case.

At the same time, it is particularly gratifying to the police to have achieved results so quickly, above all when leading members of the institution are among the main defendants.

In this connection, what is now being examined closely is the possibility of ramifications and secondary responsibilities, since in order to operate the gang must have pulled several strings to assure its own security and even obtain information that would enable it to perform its work better.

In any event, this much talked about case is not over. Nonetheless, we can say that there is every reason for the uplifted spirits among police chiefs.

Gendarmerie and Prefecture

Meanwhile, in a separate vein but not unrelated to the political expansion that the Interior Ministry is after, we can state that after an initial effort to put the National Gendarmerie and the Argentine Naval Prefecture under this ministry (in other words, under Manzano), as LA PRENSA reported in its political commentary last Sunday, the initiative has been shunted aside.

The Senate decided not to address it, but the most interesting thing is that the senators did so mostly because they want first to hear the arguments of several

groups that oppose such a move, one of these groups being the Federal Police itself, moreover.

To this we can add that Manzano, in keeping with a long-standing custom, has just had another run-in with Maria Julia Alsogaray. It happened after she took over as secretary of the environment and human resources, directly under the president of the republic, and absorbed several major agencies that until recently were within the sphere of Public Works and Services. This secretariat is run by Saul Bouer, who was Manzano's adviser in the bloc of deputies and who was appointed to the post by the man who is still interior minister. We can thus conclude that the political troubles of the former Mendoza lawmaker are mounting steadily; this may be why the national senator from La Rioja, Eduardo Menem, whose friendship with Manzano has altogether fallen apart, has a smile of contentment on his face.

* Manzano's Replacement

92SM0146B Buenos Aires LA PRENSA in Spanish
24 Nov 91 p 7

[Report by Esecé]

[Text] The long-standing volatility of ministers and secretaries in Carlos Menem's cabinet fuels constant rumors of change. Shortly before leaving for the United States, the president said that his current aides would be with him until 1995. A few days later, however, he admitted publicly that Avelino Porto would be leaving the Ministry of Health and Social Action.

Besides Porto, there are other recurring candidates for packing their bags. One is Antonio Salonia, the "protége" of Monsignor Quarracino, and another is Antonio Erman Gonzalez, who is a close friend of the chief of state.

There has been a significant addition to these names in recent days: Jose Luis Manzano. Why? Those who are intimately familiar with backstage maneuvering in the palace cite several reasons. First, his disagreement with Eduardo Bauza, whom some regard as the power behind the throne. For example, Manzano was pushing for Congress to pass the domestic security law, against the better judgment of the Federal Police, and Bauza and Eduardo Menem have apparently decided to put the bill on ice.

Second, very severe austerity is on the way for the provinces, and it will reportedly be done by decree, even though it may create a difficult situation for the interior minister. Third, Manzano's relations with the police do not seem to be improving. There are those who noted that the minister was among the last to find out about the operation to apprehend Mauricio Macri's kidnapers. In any event, his radio silence was glaring under these circumstances, after the way he turned the press to his account when the businessman was ransomed.

Lastly, the goal for which Carlos Menem called on him (the constitutional reform) seems impossible today. His close relationship with Raul Alfonsin is doing him little good, because the former president is out in the cold with his war paint on. Moreover, no one can say for sure whether the Radical Civic Union will provide the two-thirds in the Chamber of Deputies to pass the bill in question.

In short, hard times for Manzano that his adversaries will want to take advantage of, even though the minister has repeatedly demonstrated his skill in emerging from dead ends.

Brazil

* Social Indicators Show Improvement Over Decade

92SM0137C Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 22 Nov 91 p 9

[Text] Rio de Janeiro—Although Brazilians in general have become poorer, as the economic indicators show, there has been a bit of progress in almost all the indices that measure the quality of life during the so-call "lost decade." These are the findings of the most recent National Survey of a Sample of Households—the PNAD—released yesterday by the Brazilian Institute of Geography and Statistics (IBGE). The slight improvement in the standard of living that is expressed, for example, in a decline in the number of illiterates coexists with a drop in the incomes of Brazilians as a whole, especially the wage-earners.

The survey, which took information from 90,000 households all over Brazil, except for the rural areas of the Northern Region, revealed that half the national income (49.7 percent) is in the hands of the richest segment of the population, which corresponds to 10 percent of total inhabitants. At the extreme opposite end are the poorest 10 percent of the population, which hold only 0.8 percent of the income.

Even so, the concentration of income diminished in 1990 when compared to 1988 and 1989. "Some of the rich became a little less wealthy," said economist Eduardo Augusto Guimaraes, president of IBGE. In 1989, the segment composed of the wealthiest 10 percent held 53.2 percent of the income.

Despite the reduction in the concentration of income, the wage situation did not improve. Between 1989 and 1990, the average income of the Brazilian citizen fell by 18.4 percent. Workers holding officially registered jobs were most heavily impacted; their average real income fell by 19.7 percent between one year and the next. The decline in the purchasing power of the minimum wage was more striking: last September the minimum wage was 35.7 percent lower than in the same month of 1989.

Five Monthly Minimum Wages

The IBGE figures show that in the Brazil of 1990, only 3 percent of the workers earned more than the equivalent of 20 monthly minimum wages (840,000 cruzeiros in today's money). However, 71.1 percent of workers had an average monthly income of as much as five minimum wages (210,000 cruzeiros). Of these, 24.2 percent earned one minimum wage or less (42,000 cruzeiros).

The IBGE also found that 40.4 percent of Brazilians had no source of income at all last year (in 1981, that proportion was 45.4 percent). The decline in this index during the decade is blamed on the increase in the participation of women in the labor market: in 1981, 63.6 percent of the individuals without any income were female, an index that fell to 55.2 percent last year.

One of the main effects of the Collor Plan on the results of the PNAD was seen in the unemployment rate. In 1990, 3.7 percent of Brazilian workers were without work, compared with 3.0 percent in 1989.

Less Illiteracy, More Home Appliances

Brazilian families are getting smaller and, despite the housing crisis, more and more people are living in their own homes. The results of the PNAD survey done last year were termed "optimistic" by IBGE President Guimaraes. "No spectacular changes occurred but, when you compare the results with those of 1981, indicators confirm there has been a gradual improvement in the life of the Brazilian," he said.

The data collected by IBGE from 90,000 households all over Brazil give us a hint of many of the findings that will come out of the census that is now being conducted. It is still too early to say what the country's population is, but we can say, with a minimum margin for error, how the Brazilians are living.

According to the PNAD, the contrasts are still great but Brazil experienced improvements in 1990 in basic sanitation, educational and literacy levels, and in ownership of durable goods. "The country made progress, but there is still a long road ahead," said Guimaraes. "The 1990's were a mediocre decade with no big headlines, but it was not a lost decade." According to the IBGE president, all the country needs is a recovery in the government's capacity to invest.

The illiteracy rate for the population above the age of 10 years fell from 22.3 percent in 1981 to 17.8 percent in 1990 (it was 18.2 percent in 1989). The Northeast is home to the highest number of illiterates (35.8 percent of the local population), more than three times the indices recorded in the South (10.4 percent) and Southeast (10.2 percent).

Fertility

In 10 years, the proportion of families of seven or more persons has been almost cut in half: from 15.7 percent in 1981 to 8.7 percent last year. In all, 42.8 percent of

Brazil's families now contain three or four people. According to the IBGE, these figures are the consequence of a drop in the fertility rate, from six children per female of childbearing age in 1960 to fewer than 3.5 children last year. This reduction should keep Brazil's population below the 153 million forecast. "If the population growth rate stays within the 2 percent we have anticipated, then there will be about 148 million Brazilians," the IBGE president calculated.

Another important figure revealed by the survey was the expanded role played by women in supporting the family. In 1981, 16.9 percent of Brazilian families were headed by women. By 1989, that percentage had jumped to 20.1, and it rose a little further last year (to 20.3 percent). In the North, 25.1 percent of families are headed by women.

The IBGE poll showed that last year almost 30 percent of the households were not connected to the public water supply, 35 percent did not have garbage collection service, and 12 percent did not have electricity. Even so, the situation has improved quite a bit during the decade. The percentage of households that receive public water service increased from 60.1 percent in 1981 to 73.4 percent last year. Garbage is now being collected from 64.5 percent of the homes, compared with 49 percent in 1981. Electricity reached 87.8 percent of the houses last year, a growth of almost 20 percent in the course of the decade.

Home Ownership

Furthermore, in 1981, 56 percent of the homes were owned by their residents, an index that rose to 59.8 percent last year (another 7.2 percent of dwellings were in the process of being purchased). According to the IBGE survey, the largest contingent of home-owning families is found in the North of Brazil (69.1 percent), followed by the Northeast (67.6 percent). In 10 years, the proportion of primitive housing fell by almost 50 percent, and stood at 5.4 percent in 1990.

The survey also indicates a rise in the ownership of home appliances: last year, 71.1 percent of the households had a refrigerator—a significant increase when compared with 1981's 56.6 percent. Furthermore, 96.4 percent of the homes had a range, 84 percent a radio, and 74 percent at least one television set (in the Southeast, this percentage rises to 86.1 percent).

* State Deficits May Double in 1992

92SM0129A Sao Paulo FOLHA DE SAO PAULO
in Portuguese 17 Nov 91 p 1-10

[Article by Ivanir Jose Bortot]

[Text] Brasilia—The Federal Government is concerned about the explosion in state and municipal spending in 1992. A document prepared by the Ministry of Economy predicts that the deficit incurred by those administrative entities may double next year. Personnel expenditures,

administrative costs, and the rollover of domestic and foreign debt will result in a deficit of 12.1 trillion cruzeiros in the states and municipalities. That is the equivalent of 0.94 percent of GDP [gross domestic product].

Excluding increases in the financial cost of debt, state and municipal deficits are expected to total 0.5 percent of GDP in 1991. The study prepared by the Ministry of Economy indicates that next year's municipal elections will contribute to an increase in the level of indebtedness.

The governors are expected to put heavy pressure on the central government to provide more funds and allow them to issue more state bonds. State bonds falling due next year total 23.7 trillion cruzeiros (2.43 percent of GDP).

The main focus of indebtedness identified by the Ministry of Economy is the hiring of personnel and increased pay for state and municipal employees. The number of employees has doubled over the past six years. Personnel expenditures, which totaled 3.4 percent of GDP in 1988, rose to 6.86 percent in 1990.

While the Federal Government was reducing its personnel expenditures from 4.11 percent of GDP in 1989 to 3.62 percent last year, state and municipal payrolls were rising by \$4.2 billion.

Domestic and foreign debt is another cause of disequilibrium in the state and municipal budgets. The real interest rates to be paid in 1992 are expected to double in comparison with other years.

When states such as Sao Paulo, Rio de Janeiro, Minas Gerais, and Rio Grande do Sul roll over their bonds on the market, they have to pay high interest rates because of their high debt level. In the case of a significant portion of state debt, the creditor is the Federal Government itself.

The effort to increase personal and corporation income tax collections by \$10 billion next year will indirectly benefit municipal and state coffers. The Federal Government is required to share 47 percent of what it collects in income taxes with the states and municipalities.

The states lost 248 billion cruzeiros between January and September of this year because of the drop in collections of the Merchandise Distribution and Services Tax (ICMS). The finances of most states and municipalities suffered from the 19.6-percent drop in revenue sharing from the State and Municipal Participation Fund.

State and municipal tax collections totaled 9.8 trillion cruzeiros between January and September 1991. Those revenues were 2.47 percent less than the amount collected in 1990. The result, according to studies by the Ministry of Economy, is that governors and mayors will have difficulty paying debts falling due in 1991.

The Ministry of Economy's studies show that a revision of ICMS revenue amounts in terms of the official dollar rate as of September indicates that they totaled \$22.6 billion. But interest and monetary correction in connection with the domestic and foreign debt of the states for 1991 are estimated at \$37.1 billion.

This means that ICMS collections between September and December 1991 will have to stay ahead of inflation by at least 68 percent. Otherwise there will be a deficit in the primary accounts of the states and municipalities (that is, excluding interest payments and monetary correction in connection with domestic and foreign debt).

In 1991, the states and municipalities will have to pay \$3.3 billion in interest and \$33.8 billion in monetary correction in connection with their debts.

According to the Ministry of Economy, the State of Sao Paulo's revenues fell by 251 billion cruzeiros during the first nine months of 1991 compared to the same period in 1990.

Tax collections totaled 3.785 trillion cruzeiros as adjusted by the General Market Price Index published by the IBGE [Brazilian Institute of Geography and Statistics]. The drop in comparison with the same period in 1990 was 6.25 percent. The recession and the tax incentives granted to the agricultural sector were the main reasons for the loss of funds.

For its part, Rio de Janeiro picked up an additional 7.6 percent in ICMS collections. The additional amount came to 71.6 billion cruzeiros.

* Privatization Schedule of Parastatals Reported

92SM0129D Sao Paulo FOLHA DE SAO PAULO
in Portuguese 17 Nov 91 p 1-12

[Text] Rio de Janeiro—Cosinor [Northeast Iron and Steel Mills] was the last firm to be privatized by the government this year. The auctioning of Indag [expansion not given], Inc. (a pesticide manufacturer) was scheduled for December but has been postponed until 17 January 1992. The Tubarao Steel Company (CST) is to be put on the auction block in March.

According to Eduardo Modiano, president of the BNDES [National Bank for Economic and Social Development], Copesul [Petrochemical Company of the South], a petrochemical firm regarded as one of the stars in the privatization program, will be auctioned off in April 1992. The National Alkali Company will be sold in May.

Modiano said the auctioning of Indag was postponed because an agreement with the IAP [expansion not given] firm, which owns 33.33 percent of Indag's voting stock, had not been signed. According to the original stockholders' agreement, the IAP has the right of first refusal in the event of privatization. The BNDES wants the IAP to waive that prerogative.

To sell the CST, the government still needs to reach agreement with the company's two foreign stockholders, Kawasaki Steel (Japan) and Ilva (Italy), which between them own 26 percent of the capital.

According to the current stockholders' agreement, the two foreign partners have priority in case the government's 74-percent interest is sold. That clause violates the privatization law, which stipulates that foreign participation in the capital of privatized firms may not exceed 40 percent.

* September Industrial Production Figures

92SM0137D Sao Paulo GAZETA MERCANTIL
in Portuguese 22 Nov 91 p 10

[Text] During the month of September significant declines from August levels occurred in sales and in the level of manufacturing activity in five of the eight states included in the survey entitled "Industrial Indicators" conducted by the National Confederation of Industries (CNI).

The biggest declines, according to data from 2,257 respondent companies, were found in the states of Espirito Santo (-8.9 percent), Pernambuco (-7.3 percent), Sao Paulo (-6.47 percent), Santa Catarina (-5.63 percent) and Rio Grande do Sul (-2.95 percent). The survey considered net billings by the company, plus the IPI [Tax on Manufactured Products], on an FOB [free on board] factory basis. According to Marco Antonio Guarita, head of the economics department of the CNI, the drop in sales by industry in Santa Catarina was spurred mainly by the weak performance of the electrical materials and communications segment. In Espirito Santo, the unfavorable results were due to a retraction of more than 10 percent in sales by the metals sector. Data on the negative performance by Sao Paulo industry is preliminary, and the consolidated figures will not be released until the next CNI poll comes out.

In the opinion of the CNI, September's downturn bears out the earlier forecast that the expectations of an expansion of industrial activity that had been observed since last April would be replaced by a new trend indicating that Brazil has entered the third phase of contraction experienced in the past two years. The main reason for this unfavorable performance, according to the CNI, is the maintenance of high interest rates during this period. Tight money has made it difficult to sustain aggregate demand, and discourages consumption and maintenance of inventory levels. The government's monetary policy, according to the CNI, has also helped frustrate the bullish expectations that were based on the scheduled release of frozen cruzado funds.

Among the states that experienced an upturn in sales in September are Rio de Janeiro (2.80 percent), Minas Gerais (2.17 percent), and Bahia (1.34 percent). Guarita explained that those results are due to localized phenomena. In Minas Gerais, for example, the positive trend is the result of sales by the custom-made capital

goods sector, where monthly billings are subject to sharp fluctuations, depending on the delivery dates of large orders. The same thing happened in Rio de Janeiro, where industrial performance was boosted by the shipbuilding industry. Meanwhile, the performance of Bahian industry reflected the concentration, in September, of billings for textile exports.

CNI's "Industrial Indicators" also point to a retraction in the level of activity in light industry. Among the eight states, only Pernambuco showed an increase in the average percentage of installed capacity that is in use—67.01 percent in September compared with 63.30 percent in August.

Brazil: Percentage of Installed Capacity In Use, For Selected States

Installed Capacity	September 1991	August 1991
Pernambuco	67.01	63.30
Bahia	64.72	77.30
Espirito Santo	78.00	78.99
Minas Gerais	79.47	80.00
Rio de Janeiro	74.37	no data
Sao Paulo	77.20	78.20
Santa Catarina	82.22	84.49
Rio Grande do Sul	77.40	78.61

Source: CNI Industrial Indicators

Results In The Federal District

Economic trends data for the Federal District during the third quarter of 1991, as revealed in a survey by the Brasilia Federation of Industries (Fibra), indicate there have been production increases in three areas: nonmetallic minerals, metals and machinery, and transportation. Seven sectors experienced a downturn: informatics, real estate, food, printing and publishing, civilian construction, apparel, and repair services.

According to the survey, 75 percent of the companies in the nonmetallic minerals sector saw their production climb during the period. In the metals and machinery sector, 63 percent of the respondents racked up production increases of 48 percent. The informatics industry suffered a 50 percent drop in sales for the period. In the real estate business, 692.5 percent [figure as published] of the companies experienced a decline of about 29 percent in output. In the food sector, 55 percent of the businessmen reported production declines averaging 10 to 20 percent. In the beverages sector, 67 percent of the companies cited little change in production. In the publishing and printing sector, 44 percent of firms recorded a decline of about 26 percent in production. In the construction sector, 46 percent of the companies interviewed showed a slide of 48 percent in their production. In the apparel sector, 67 percent of companies mentioned a drop of about 21.5 percent in production. Meanwhile, there was a 15 percent increase in sales of

transportation services. In the repair services sector, there was a 21 percent decline in the level of employment.

In the opinion of Fibra President Fabio Ribeiro, the construction of a surface rapid transit system in Brasilia, estimated to cost \$600 million, will be a great boost to the city's economy by raising employment. Fibra believes that the solution to Brasilia's economic health lies in industrialization. The Federal District's budget now stands at \$350 million. The federal government, however, in connection with an emergency tax reform plan, has proposed a 60 percent cutback to be achieved during the next five years.

November Trade Surplus of \$434 Million Reported

PY1912225491 *Brasilia Voz do Brasil Network*
in Portuguese 2100 GMT 19 Dec 91

[Summary] A \$434 million surplus was reported in the Brazilian trade balance in November. A \$445 million surplus was reported in October.

*** Mercosur Trade Projected To Rise 50 Percent**

92SM0137E *Sao Paulo GAZETA MERCANTIL*
in Portuguese 26 Nov 91 p 6

[By Rio Grande correspondent Milton Wells]

[Text] On the basis of data gathered as of August 1991, Special Minister for Latin American Integration Affairs Carlos Chiarelli is projecting a growth of about 50 percent for the entire year of 1991 in total trade among the member countries of the Southern Cone Common Market (Mercosur) in comparison with last year, inasmuch as 1990's total was surpassed during the first half of this year. By December, the value of the deals consummated as a result of eight different relationships—exports and imports between Brazil, Argentina, Uruguay, and Paraguay—will have reached \$6.150 billion, compared with \$4.130 billion for 1990, Chiarelli announced.

"The Mercosur countries are only now discovering what they can accomplish," he said. Chiarelli, who on Friday attended the State Fisheries Convention in Rio Grande do Sul, which was sponsored by the state government and its legislature, said that trade in fish has been one of the items that has developed most favorably with the advent of Mercosur.

By December of this year, according to figures supplied by the Coordinator of Commercial Exchange (CIC), Brazil will probably import about \$110 million worth of fish from Argentina (frozen hake filets, shrimp, and other fish), which would be a 120 percent increase over last year's levels. During the same period, the Argentines will probably buy about \$7 million of the product from Brazil, up about 40 percent from 1990.

One of the primary issues under discussion by the fisheries industry is the establishment of a common

zone, which would entail the end of the 200-mile limits imposed by the boundaries of each country's territorial sea.

*** Largest Labor Unions Reevaluate Strategies**

92SM0129B *Sao Paulo FOLHA DE SAO PAULO*
in Portuguese 17 Nov 91 p 1-12

[Article by Marcia Pinheiro]

[Text] The country's two largest labor unions—the CUT (United Federation of Workers) and Union Power—are reevaluating their action strategies. The CUT wants to eliminate ideological debates from meetings by its executive committee and denies that it is facing a crisis. Union Power feels that it is time to strengthen its politico-sociological education and is promising to advance on CUT strongholds.

"Meetings by the executive committee cannot be ideological. Workers need wages, not a book by Marx. The CUT's role is to struggle, take the lead in mobilization, and sit down at the table to negotiate," says its president, Jair Meneguelli.

And the president of Union Power, Luiz Antonio de Medeiros, has it as his goal to strengthen that organization's political profile. He says: "We need to train militants, teach negotiating techniques, sociology, and politics, and improve our organization in other states."

Established in March of this year, Union Power has gained in importance by catalyzing the dissatisfaction of pensioners, applying pressure to get the income tax schedule corrected for inflation, supporting the privatization of Usiminas (Minas Gerais Iron and Steel Mills, Inc.), and obtaining from the Regional Labor Court a 113.04-percent wage increase for metalworkers in Sao Paulo. And it is threatening to go on strike to force compliance with that court ruling.

In Meneguelli's opinion, the growth of Union Power was foreseeable. An important factor was the insignificance of the two CGT's [General Confederation of Workers and General Central Union of Workers]. Besides, he says, "there is room for two kinds of union activism: one combative and the other moderate." In his opinion, there is no crisis or opposition to change in the CUT, which controls 1,700 unions and 15.3 million wage earners.

"We are struggling in Congress on behalf of wages, taking a firm stand against the misuse of funds at the FGTS [Unemployment Compensation Fund], and participating in such developments in society as Option Brazil," he says.

Union Power currently has 282 unions representing 8.5 million workers, and it sees openings for growth in CUT territory, examples being government employees and rural workers, says Secretary General Enilson Simoes de Moura (Alemao).

Union adviser Joao Guilherme Vargas Neto agrees that there is a chance it will grow in those areas. Especially if the CUT remains motionless because of internal political disagreements. In his opinion, Union Power's big asset is its ability to identify advantageous situations, no matter where they arise.

When there are several conflicting groups, the decision-making system may become paralyzed, says political scientist Leoncio Martins Rodrigues. "The possibility of a split in the CUT is real," he says, because it is very difficult for factions with radically different plans to get along with each other.

Division of Power: Strength of CUT and Union Power

Description	CUT	Union Power
Affiliated unions	1,700	282
Unionized workers	3,500,000	2,100,000
Total workers	15,300,000	8,500,000

Source: CUT and Union Power

Luiz Adelar Scheuer, who deals with both central unions at the negotiating table and is coordinator of Group 19 of the FIESP (Sao Paulo State Federation of Industries), feels that "the definite crisis" being experienced by the CUT is natural.

"Union Power is very young. The possibility exists that in the near future, its officials will form factions vying for power and it will draw closer to some political party," he says. That would cause it to experience problems similar to those now being faced by its competitor.

In Scheuer's opinion, the "pragmatism" attributed to Union Power is a cliché. "In reality, if we compare the wages of metalworkers in Sao Paulo (represented by Union Power) with those of metalworkers in Sao Bernardo (represented by the CUT), we reach the conclusion that the results of actions by the two central unions are very similar to each other," he says.

* Usiminas Sale May Be Model for Other Firms

92SM0129C Sao Paulo FOLHA DE SAO PAULO
in Portuguese 17 Nov 91 p 1-2

[Article by Francisco Santos]

[Text] Rio de Janeiro—Beginning this Tuesday the 19th, Usiminas [Minas Gerais Iron and Steel Mills, Inc.] shares will be traded on the stock exchange, thus completing the first operation for privatizing a Brazilian government-owned firm and making its shares available for sale to the public.

Licínio Velasco, Jr., director of BNDESpar (BNDES [National Bank for Economic and Social Development] Participations), believes that that same operation can be repeated with at least six other firms: Copesul [Petrochemical Company of the South] (in Rio Grande do Sul), Petroflex [expansion not given] (in Rio de Janeiro),

Fosfertil [expansion not given] (in Minas Gerais), the Tubarao Steel Company (CST, in Espirito Santo), the National Steel Company (CSN, in Rio de Janeiro), and the Petrochemical Union (in Sao Paulo).

On the other hand, he believes that many of the 27 firms included in the first phase of the privatization program will have to be sold as single blocs, a method that has been criticized on the grounds that it excludes small investors.

There are also instances of firms which the BNDES, as coordinator of the privatization process, fears that it will be unable to privatize except by selling off assets, which in practice would mean liquidating them. This is the case with the Santa Catarina Carbochemical Industry (ICC), a subsidiary of Petrofertil (the Petrobras Group).

Of the four firms whose privatization was completed this year, only Usiminas was offered to investors in general. Mafersa and Cosinor were sold as single blocs, and the Celma Electrical Engineering Company was sold in blocs of at least \$1 million each.

Licínio Velasco said that Celma, which is considered a good company and might have interested a large number of investors, was sold in large blocs because there are restrictions on its capital and there is no indication that it will be able to make shares available to the general public in the near future. Because of those restrictions, the small investor would be unable to sell his shares.

In the case of Mafersa and Cosinor, Velasco explained that the BNDES had decided that because of their historical deficits, they needed to be controlled by single entities capable of salvaging them.

Interestingly, Refer (the Railroad System's pension fund), which bought Mafersa, announced that it preferred to own only 30 percent of the firm and that it would offer shares for sale within a year.

In Velasco's opinion, there are many risks involved in the sale of small firms to the general public. Besides the fact that they might not attract small-scale investors, there is the possibility that investors would acquire only enough shares to control the firm's capital, thus leaving the government as the minority stockholder with no influence on the management of those firms.

Of the firms that will be privatized beginning on 17 January, Velasco believes that the three shipping companies (Franave, Enasa [Amazon Shipping Company, Inc.], and the La Plata Basin Shipping Service), Finosa Piratini Steels, Goiasfertil [Goias Fertilizer Corporation], the Caraiba Mining Company, Indag [expansion not given], and the National Alkali Company will be sold as single blocs.

He is not admitting it, but the National Alkali Company is among those which the BNDES fears will have to be liquidated by the sale of assets. As of 1990, the firm had accumulated losses totaling \$20.7 million.

Of those whose shares may be offered to the general public, Velasco emphasizes that the CSN will be able to adopt that method only if it is properly reorganized and regains the confidence of the market. Two of the privatizable firms have capital available for sale to the public: Copene [expansion not given] in Bahia and Acesita [Itabira Special Steel Company] in Minas Gerais.

Chile

Government Denies Honecker's DPRK Departure

PY1912223891 Santiago Radio Cooperativa Network
in Spanish 2200 GMT 19 Dec 91

[Report by Carmen Castro at the Foreign Ministry]

[Text] Interior Minister Enrique Krauss, who is also the acting foreign minister, this afternoon denied reports originating in Russia and disseminated by international news agencies that Erich Honecker, the former leader of the now-defunct GDR, will be leaving for the DPRK in the next few hours.

Krauss also noted that Honecker's case could remain unchanged until next year. He said: I do not believe the situation will change in the next few days. He added that a diplomatic solution will necessarily require the participation of three countries: Germany, Chile, and Russia.

Krauss also reported that Clodomiro Almeyda, the Chilean ambassador to the USSR, will not go to Germany despite reports released this morning. Instead, Almeyda will remain in the country, following specific instructions from the government.

Krauss went to the Foreign Ministry to sign documents because Foreign Minister Enrique Silva Cimma is currently on annual leave.

The Foreign Ministry also deemed it necessary this afternoon to officially deny frequent reports about Honecker's departure from the Chilean Embassy in Moscow, where Honecker has been staying as a guest. After a telephone conversation between Foreign Ministry officials and Chilean Embassy officials in Moscow, the Foreign Ministry announced that the situation remains unchanged and that Honecker continues to stay at the Chilean Embassy as a guest.

Pinochet Denies 'Infringing' Upon Constitution

PY1912214691 Santiago Radio Chilena Network
in Spanish 1600 GMT 19 Dec 91

[Text] General Augusto Pinochet has pointed out that if the people read his remarks they would note that he did not infringe upon the Constitution.

The military commander was visited by seven UDI [Independent Democratic Union] deputies who went to present their year-end greetings. During the UDI deputies' visit, Pinochet was contacted by the media.

Answering questions, he said that a journalistic misinterpretation caused yesterday's disagreement at La Moneda Palace.

[Begin recording] [Unidentified reporter] Can it be said that, at this moment, relations between the Army and the executive branch have become worse?

[Pinochet] How does this occur to you, miss? For God's sake! Is your head in the clouds?

[Reporter] Nevertheless, were your remarks yesterday actually prompted by a journalistic problem, as you have said?

[Pinochet] There is nothing extraordinary in that for the simple reason that they [the journalists] ask things and then they leave screaming everywhere. What can I tell you? What I said yesterday is very clear. To me [changes thought] I am not one of those Catholics who say: Unto him that smiteth thee on the one cheek, offer also the other. If you smiteth me on the one cheek, I smiteth you twice. This is the way I was taught.

[Reporter] Do you confirm yesterday's remarks, then?

[Pinochet] Yesterday's remarks were very clear. I am not infringing upon the Constitution. Read what I said; read what I said.

[Reporter] And every time that a discussion ...

[Pinochet, interrupting] Every time that I am coarsely attacked, I must return the attack right there, but if there is a [changes thought] As I have also said, when things are said in a balanced, calm manner, I am not going to react the way I reacted yesterday. But if I am bombarded with 20,000 things, with a [word indistinct] of inappropriate matters, I am going to answer. [end recording]

Pinochet received the UDI leaders, asking them not to draw political dividends from the meeting.

[Begin recording] [Pinochet] I do not (?want) you to draw political dividends from an institutional problem.

[First unidentified UDI deputy] [Words indistinct] the press.

[Pinochet] I am pleased to receive you as a friend, but without any political dividends.

[Second unidentified UDI deputy] That is right, general. This is why we have asked you for this meeting in order to be with you ...

[Pinochet, interrupting] I always have received you with much affection. [end recording]

Pinochet stressed: I am pleased to receive you because you have been my friends for many years and I knew you when you were kids.

Government-Armed Forces Relations Said Improving
PY1912200091 Santiago Radio Cooperativa Network
in Spanish 2200 GMT 18 Dec 91

[Text] In the 20 months of the Aylwin administration, relations with the Armed Forces, and relations between the Armed Forces and society have undergone marked improvement. Military institutions are operating normally. This statement was made by Defense Minister Dr. Patricio Rojas during a ceremony at which eight Army generals were awarded the President of the Republic decoration.

The ceremony, which was presided over by President Patricio Aylwin, also was attended by General Augusto Pinochet. Dr. Rojas emphasized the task the Army undertakes in defending the fatherland.

[Begin Rojas recording] In the same way, you were educated with the idea that Chilean armed institutions are essentially professional; that they are subject to hierarchy, discipline, and obedience; and that they do not have decision-making power. [end recording]

He said that President Aylwin has confidence in the decorated officers because they have met the above conditions.

[Begin Rojas recording] During the 20 months that have elapsed since President Aylwin took power, relations between the government and the Armed Forces, and between the Armed Forces and the other branches of government and society, reflect remarkable progress. People can see that military institutions are operating normally, fulfilling their high responsibilities by developing their capacity and their deterrent power, and by contributing in peacetime to solving many problems caused by the diverse geographical features of our territory and the emergencies that we usually have to face. [end recording]

Concerning relations between the military and civilians, the minister emphasized the earmarking of budget funds for the Armed Forces. He recalled that for the second consecutive year, Congress almost unanimously approved the Armed Forces budget proposed by the executive branch. This has made it possible for the Armed Forces to maintain their operational capacity, efficiency, and skills despite the restricted funds. Politicians have thus shown a high degree of maturity, the minister said.

Rojas called upon the officers to undertake their work in keeping with institutional requirements. He concluded by saying that throughout these months, it has been shown that Chileans can find a path toward reconciliation through peace, truth, cooperation, and mutual respect.

Deputy Schaulsohn Reacts to Army Declaration
PY1812194291 Santiago Radio Chilena Network
in Spanish 1600 GMT 18 Dec 91

[Text] Deputy Jorge Schaulsohn did not answer until this morning the declaration of the Army corps of generals, who said it would be inappropriate for Schaulsohn to be a member of an eventual committee linked to any military matters.

Schaulsohn said: Quote, the declaration of the corps of generals released yesterday is an open violation of Article 90 of the Constitution, which says that the Armed Forces and Carabineros as armed organizations are essentially obedient and not deliberative bodies. The political judgment made is interference in the prerogatives of a branch of the government, it is contrary to the letter and spirit of the Constitution, and it is a violation of institutionality; and this cannot be accepted under any circumstance. Therefore, the reiteration of such illegal conduct would be punishable in accordance with Clause D, No. 2 of Article 48 of the Constitution related to constitutional accusations against generals. The country should not lose sight of the fact that the basic problem is related to the illegal arms export made through fraud and the deception by civilian officials of the country in open violation of the embargo ordered by the United Nations. This is seriously jeopardizing the nation's honor and security, unquote.

Schaulsohn concluded by saying it is necessary to fully clarify this situation. This is part of the statement by Deputy Jorge Schaulsohn.

Only this afternoon, after the Defense Committee meets with Defense Minister Patricio Rojas, a decision will be made if an investigative committee will be necessary for this case.

Colombia

Guerrillas Reportedly Kill 5 Policemen

PA1912190291 Santa Fe de Bogota Inravisión
Television Cadena 2 in Spanish 1730 GMT 19 Dec 91

[Text] Antiguerilla operations along the Bucaramanga-Pamplona Highway were intensified today at noon. In that area, guerrillas of the National Guerrilla Coordinating Board dynamited a police booth and engaged in bloody clashes with police forces after carrying out several ambushes. According to initial reports, two policemen were killed and five more were seriously wounded.

The incident occurred between kilometer markers 16 and 17 of the Bucaramanga-Pamplona Highway. After blowing up the police booth, the rebels attacked the policemen guarding the post with machine gunfire. Patrols and motorized personnel sent as reinforcements were attacked from surrounding areas.

Meanwhile, hundreds of drivers and passengers traveling to Bucaramanga were virtually caught in the crossfire. Three civilians were wounded in the action.

Traffic between Cucuta and Bucaramanga has been interrupted since 1000 today.

It has been unofficially learned that there were new armed clashes in rural areas close to the Municipality of Tona, 30 km from the capital, which have left an undetermined number of dead and wounded.

Alleged Terrorist Bomb Kills Five in Medellin

PA1912224691 Paris AFP in Spanish 2157 GMT
19 Dec 91

[Text] Medellin, Colombia, 19 Dec (AFP)—On 19 December, at least five persons were killed and approximately 10 were injured during an explosion—apparently staged by terrorists—that destroyed three automobile spare parts stores, according to police reports in this northwestern Colombian city.

The authorities, who cordoned off the downtown site, are investigating the possibility that the explosion was caused by a dynamite charge measuring approximately 20 to 30 kg.

According to unofficial reports, the number of victims could be higher, as firemen and public force members are still inspecting the site.

Presidential Intelligence Committee Created

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in Spanish 13 Dec 91 p 7

[Text] On 12 December President Cesar Gaviria Trujillo announced the creation of a presidential intelligence committee that will define the policies and priorities of the state security agencies.

The committee, which will be part of the Higher Council for National Defense and Security [Consejo Superior para la Seguridad y la Defensa Nacional] will be led by the head of state. The other members will be the vice president of the Republic; the ministers of government, foreign relations, and defense; the commander of the Armed Forces; the directors of the National Police and DAS [Administrative Department of Security]; the attorney general; and the presidential adviser for National Defense and Security.

"Among the main functions of the presidential intelligence committee will be to draft strategic national intelligence plans, define the scope of international cooperation in this field, and establish the criteria for evaluating results," Gaviria said.

He noted that by strengthening intelligence services and creating new leadership in that area, the government is trying to improve the efficiency of authorities who are attempting to restore respect for law and order.

In the same manner, the necessary coordination between intelligence services and criminal investigation would be reinforced to guarantee the arrest and trial of criminals, he said. Above all, the government is trying to preserve the transparency of its security instruments and to strengthen citizens' rights," he added.

Gaviria made these statements at ceremonies for generals and officers of the Armed Forces and National Police held at the General Santander School for Police Cadets and the Jose Maris Cordoba Military School.

Gaviria stressed that "the exercise of authority is crucial and therefore a single person or institution should not monopolize decisions. It requires firmness from the person exercising it and at the same time humbleness to hear the community." He added that "exercising authority and public force should not be based on what the common practice is at the time. It is a permanent function that reflects a position and an attitude toward society," Gaviria noted.

He stressed that the quest for peace is the propelling force of the military command. He added that the constitutional functions bestowed on the president as commander in chief of the Armed Forces are based on that top objective.

"It would be wrong for the president to weaken the capacity of the public force or limit its presence in our national territory under the pretext that such a condition is necessary for peace, as some groups contend," he added.

Gaviria also stressed the need to create specialized bodies within the National Police in the cities and the countryside.

He announced that the Organic Law draft bill the government soon will present to Congress also develops the concept of the National Police, strengthening its principles and doctrine. In that manner, the main objective of that public service will not be limited, as in the past, to the protection of the lives and honor of citizens. He added that in the future the main functions of that armed body will be to guarantee and maintain public order and public liberty, safeguard the Colombian state's fundamental principles, and promote peaceful coexistence among all residents.

He stressed the importance of police-community integration, adding that this is the main objective of the National Police because without that coordination it will be very difficult, if not impossible, to gain the people's confidence.

"This shows the importance of compulsory military service in the National Police for high school graduates," Gaviria Trujillo concluded.

Agrarian Institute Director on Indian Massacre

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[Telephone interview with Dr. Fernando Corrales Cruz, general director of the Colombian Institute of Agrarian Reform, Incora, by unidentified reporters in Santa Fe de Bogota on 19 December—live]

[Text] [Reporter] Dr. Corrales Cruz is the most wanted man in Colombia. Why? Because he was simply not available and could not be contacted after the massacre in Corregimiento El Palo, Caloto, Cauca Department.

Indian senators clearly blame the Incora [Colombian Institute of Agrarian Reform] for the Caloto massacre. They say the reason behind the killing is a land ownership problem and the legal relationship with Incora. So we have invited him to answer a few questions.

Welcome Dr. Corrales Cruz, what is Incora's position with respect to the massacre that took place at the El Nilo Farm 48 hours ago?

[Corrales] Good morning. First of all, I have not been hiding. I had previous engagements and, given the seriousness of the accusations, I thought it would not be proper to speak out during an emotional tragedy. I thought the Indians deserved to be buried with respect, so it was not convenient to make any statements. We first had to pay tribute to an Indian community that made a sacrifice struggling for land.

Incora has a very clear stand regarding this issue.

[Reporter] What is Incora's position?

[Corrales] First, we do not believe we are responsible for what happened because we carried out our duties in that area in a very detailed manner. We have always offered to assist the Indian communities and we have taken care of their needs. They know for a fact that we have kept up a permanent dialogue with them. I met with them at the government minister's office only four hours before the killing.

[Reporter] Did you say you met with them four hours before the massacre?

[Corrales] Exactly. I met with Lorenzo Muelas and one of the leaders of the Paez community from Pailitas to devise a strategy for purchasing land. I met with them to expedite this process. On 13 December, I visited Popayan to turn over 480 hectares of land and machinery to the Indians. I have maintained permanent contact with them.

So far this year, we have turned over to the Indians approximately 1,800 hectares of land.

[Reporter] Are you talking about 1991?

[Corrales] Yes. And we hope to have turned over 2,500 hectares before 31 December.

[Reporter] Dr. Corrales, allow me to correct the statement I made on the responsibility for the killing. One of the first reports we received from the Indians after learning of the massacre was that Incora seized El Nilo Farm four years ago. We were told this. Because Incora seized the farm, the adjudication process made no progress. The Indians argued that if four years ago the situation was the same, why was it not resolved then instead of harassing and evicting the Indians in such a horrible manner?

[Corrales] We must set the record straight. Incora formally seized the farm in April, 1990. This means a process of judicial expropriation was begun. Since we did not receive any voluntary bids in 1990, we decided to seize the farm. When one resorts to such current legal procedures, the judicial process can take from two to four years. Incora does not have the legal capacity to speed up this process nor does it have instruments to pressure farm owners to abandon their farms. That would be illegal.

When the Indians decided to invade this property, they assumed a responsibility for which the law cannot protect them. In this case, they are not protected by law.

[Reporter] Why does an expropriation process take so long?

[Corrales] Because according to the current regulations, the judge has to determine whether or not the necessary conditions exist for an expropriation. Property rights must be established and respected. Consequently, Incora acted at the right time and evidence of this are the resolutions issued by general management and the property records. These records clearly indicate that Incora acted at the right time.

It had been declared earlier that the area of the farm, ranging from 40 to 50 hectares, was subject to agrarian reform. We understood that we had to take some action in the Caloto area. In keeping with this, we turned over approximately 1,200 hectares to Indian communities affected by the tragedy.

I want to make this clear, because in Cauca Department we have given about 61,000 hectares of land to 48 Indian organizations. We have exceeded our budget in Cauca Department. This does not mean we are not going to do more. It cannot be said that we had suspended land purchases and granting land titles to Indians. I think such a statement would be unfair and irresponsible given the work Incora is doing in a very difficult area, an area of guerrillas and drug trafficking activity. In some parts of the country, Incora officials have been intimidated by criminals.